HOW TO DEVELOP EXPORT TRADE OF PAPER SPECIALTIES

THROUGH

COMMERCIAL AGENCIES

by

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January 3, 1931

185 pages

PREPARED UNDER THE SUPERVISION

of

EDWIN M. CHAMBERLIN, PH. D.

PREFACE

I have secured information for this thesis from the following sources:

Professor Guillermo Hall, who suggested many of the textbooks used and periodicals mentioned; my employers, the William W. Bevan Company, who permitted me to use their office records for data; the Johnston Export Publishing Company, The Commercial Museum, R. G. Dun and Company and the Henry W. Peabody Company, who supplied advertising matter, journals and other printed matter mentioned; The National Freight Company of Boston, who furnished instruction books on shipping, consular declarations and commercial invoices to other countries; the Bureau of Foreign and Domestic Commerce, both at Washington, D. C. and at Boston, who also supplied exporting forms, granted interviews with F. E. Becker, Commercial Agent at Boston and with Norman S. Meese, Assistant Chief, Paper Division of Washington, while the latter was visiting Boston.

Appreciation is extended to all those mentioned above; also to the Librarians at the Boston Public Library and at the Boston University Library for their assistance and to Evelyn G. Eveleth, who typed this thesis.

Everett, Massachusetts
January 3, 1931

Irene A. Porter

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INTRODUCTION

Although the title of this thesis, "How to Develop Export Trade of Paper Specialties Through Commercial Agencies", is almost self-explanatory, a few words of introduction will help the reader to see my object more clearly.

Export trade to the United States exporter in general means the shipment of any merchandise to countries outside the boundaries of the United States. This thesis is concerned mostly with exporting to lands outside of North America, however, and practically no mention is made of Canadian exporting, because the sale of paper specialties to the Dominion is very limited, due to English competition.

"Paper Specialties" is the general term used to include baking cups, bonbon cups, chop frills, croquette skewers, pie collars, bibs, doilies, eclair cases, fingerbowl liners, sundae dishes, soufflet cases, ice cream cups, drinking cups and butter chips. No claim is made that this list includes all paper specialties, but it does include the important ones which are now being shipped abroad by United States merchants.

"Commercial Agencies" perhaps is the most difficult part of the title to understand. Used in this thesis, it means not only credit bureaus, Departments

of Commerce and export commission houses, but all sources that offer any aid to the exporter, whether their services are free or not. The Commercial Museum, Johnston Export Publishing Company and R. G. Dun and Company offer typical examples of commercial agencies mentioned in this article.

I selected this subject because I have been handling the export trade of the William W. Bevan Company of Everett, Massachusetts for nearly a year and a half. I was given charge of it before a single shipment had been made abroad, in fact before even an advertisement had been inserted in any trade journal, and have been responsible for every detail of such shipments as have been made during the period mentioned.

No one in the concern knew much about exporting; this fact necessitated extreme caution in attempting to sell the output of the company profitably and numerous errors and losses occurred which were unavoidable under the circumstances.

All suggested methods and procedures, excepting those quoted, are the result of experience, often at a great expense. It is hoped that other inexperienced export managers will avoid some of the errors so usual to the beginner, and profit by my experience.

No doubt many readers may question the advisability of choosing a subject of this description, under

these circumstances, but I had an object in view other than presenting my actual experiences; I knew that if I were to write an intelligent article on the chosen theme it would be necessary to consult many authorities on exporting and to read considerable literature about it. The result I hoped would be valuable knowledge added to my experience, knowledge that would be of great assistance in my present position and at the same time help to make this thesis interesting and authentic.

I have more than realized my anticipations, as far as learning about the development of export trade of paper specialties with the assistance of commercial houses; I will let the reader decide whether this thesis proves of interest and is of value to the inexperienced exporter.

Much of the general information, other than data taken from my employer's records and from sources previously mentioned, is from the advertisements or letters of other exporters of paper specialties such as the Royal Lace Paper Works of Brooklyn, New York; Kalix Cup Company, West Chelmsford, Massachusetts; Vortex Cup Company, Chicago, Illinois; Lily-Tulip Cup Corporation, New York City; Sanitary Products Corporation of America, Philadelphia, Pennsylvania; Individual Drinking Cup Company, Incorporated, Easton, Pennsylvania; Frank

M. Sayford Company, Buena Vista, Virginia and New York City.

Many forwarding companies have given rates, terms and suggested services, the most important being the National Freight Company of 836 Old South Building, Boston, Massachusetts.

The Commercial Museum was tireless in answering questions and giving advice, their suggestions being equalled only by the assistance of the Johnston Export Publishing Company, 370 Seventh Avenue, New York City, publishers of the "American Exporter ", and by R. G. Dun and Company, Service Department, of 290 Broadway, New York City, publishers of "Dun's International Review."

Advertising agencies were reluctant to give much aid, although the A. W. Ellis Company of 24 School Street, Boston, Massachusetts never refused a request, and furnished constructive advice as to the features of advertisements presented in this article, as well as complete information regarding services offered by various commercial agencies, with which I was previously unfamiliar.

All quotations were taken from textbooks suggested by the librarians of the Boston Public Library, Everett Public Library and Boston University Library, Boston University professors and instructors in exporting, as well as other books chosen because of their

direct bearing on the subject in question.

The journals and periodicals given to supplement statements are only those dependable ones used to assist the exporter in his work, and read by the prospective importer.

Care has been taken to include nothing in this thesis which has no direct bearing on the subject, and at the same time simplify the problems as much as possible.

The scope is limited to problems experienced by exporters in New England and New York City for two chief reasons: One is that most of the exporting on paper specialties is made from these points; the other is that statistics were available only from such exporters.

Although the whole world in time may be the logical market for the products described, at present this is not so. The greatest competitor of the American paper specialist is found in England, and no market buying from England is responsive to our specialties. Our prices are not competitive, either from a price standpoint or from quality.

Although other paper specialists claim that they have received a portion of their business from all parts of the world, I have laid special stress on the trade to Porto Rico and Latin America because the most concrete examples of problems arising from exporting

have been found there. Further, most of the text-books consulted gave special emphasis to this type of trade, therefore could be used as authorities on facts that I have presented.

HOW TO DEVELOP EXPORT TRADE OF PAPER SPECIALTIES

THROUGH

COMMERCIAL AGENCIES

DEDICATED TO

AN

UNSUCCESSFUL EXPORTER

CHAPTER I

FOREIGN TRADE IN GENERAL

Why export--To increase profits--Normalize season's fluctuations--Patriotic duty--Why import--Profit as objective--Economic arguments--Types of prospective exporters--Seeking--Sought--General remarks--Scarcity of information--Severe losses--Export managers' duties--Foreign trade no mystery--The "New Tariff"--Effect on world trade--Effect on exporting paper specialties--Conclusions

Why Export?

Desire to increase profits

The fundamental reason why an exporter tries to sell products abroad is because he desires to increase the profits. There are other less important reasons, such as a wish to sell products in countries other than his own; or to be classed as an exporter and realize the prestige, real or imaginary, that that word brings; or a desire to obtain a steady, normal output if his product is in demand only in certain seasons. The real reason, however, the vital incentive, circles around gain.

However, export trade to be profitable must be permanent and growing year by year. If orders of today are handled wisely and intelligently, they will be

followed by larger and repeated orders in years to come. Because a customer is located across the sea it does not mean that business with him is hard or impossible. It actually costs less to ship goods by ocean steamer thousands of miles distant, than it costs to send the same goods to a customer in this country only a thousand miles away.

Normalize season's fluctuations

The Kalix Cup Company of West Chelmsford, Massachusetts, exporters of ice cream cups, say, "First, how did we happen to decide to export? Our answer to this questions will not be the same that you might receive from some of the lines of business, due to the nature of the business that we are in. We manufacture ice cream cups, which is a seasonable business, i. e., we manufacture and sell the most volume of our product during the months of April, May, June, July, August and September, as ice cream naturally sells in quantities during the warmer months of the year, so that we looked for export business to fill in the gap caused by slackening of business during the winter months, and whereas we receive some business from the Southern part of our country, there are some very fine markets in the other countries that have the reverse seasons, such as South America and Australia." (1)

(1) Kalix Cup Company, West Chelmsford, Mass., letter of August 26, 1930 to Irene A. Porter, Everett, Mass.

Authorities agree that profit is the justification of export trade; honest net profit over a long term of years coming from goods honestly sold.

Patriotic duty

It is a patriotic duty to export. It protects and insures not only those engaged in it, but also their fellow citizens. The by-products of exporting are many and valuable, but direct profit is the important factor in the eyes of the executive. The profits are all but limitless in volume and duration.

A proof of these facts is that no sane man in business for a profit would continue foreign shipping with continued losses just for the sake of being an exporter or for any of the other reasons if he knew that he would ultimately lose by such trade.

Why Import?

Profit as objective

From another point of view, why do people in other lands import? Because the same commodities cannot be made in their country; because they can be made better for the same cost; or because they can be made abroad as well, or perhaps not as well but nevertheless desirable, at a much lower cost. The net result is that the importer, too, realizes

the desired profit which is his objective, as well as the object of the exporter.

Economic arguments

From the economist's point of view, the country that has the comparative advantage, or the least comparative disadvantage, in production, is the one that should produce, and then exchange its products with other countries similarly situated with regard to other commodities. The theory is that all those exchanging will ultimately benefit.

Types of Prospective Exporters

Seeking and Sought

There are two main classes of prospective exporters that the salesmen from commercial houses are always anxious to meet. First, the merchant who is seeking all the information possible concerning exporting with the intention of using such knowledge in the organization of an exporting campaign; second, the merchant who has never considered exporting at all.

The "seeking" exporter usually considers carefully all the problems of exporting about which he hears. He consults other exporters, lays aside a surplus for advertising expenses of whatever nature they may be, and plans a tentative schedule to follow in soliciting orders and filling them.

The net result of his careful study and work is that before making a single export shipment, he will in general have a fairly accurate idea of how to go about exporting and what to expect from his efforts.

In the course of final events, he is not as likely to make the stupid mistakes that the "sought" exporter will, nor will he suffer such losses as a rule.

Mr. Propson, in speaking of an advertising campaign, says, "Advertising and military campaigns are analagous. - - - - - In fine the advertising manager may consider himself as the general of an army, sent to accomplish an important mission in an unknown and dangerous territory. Everything that such a commander would do he should parallel. Services of information and supply must be maintained. Reconnaissance must be thorough and exact. Lines of communication must not be broken and reserves must be well located and available for immediate action. Above all, the principal axiom of the able commander should be remembered: Accomplish the objective with the minimum expenditure of time, men and treasure." (1)

It is a regrettable fact that many large concerns as well as the smaller ones, although in an enviable position for profitably carrying on export trade,

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(1) Propson, Carl F., Export advertising practice, N. Y. (Prentice-Hall Inc.) p. 264

never consider doing so until someone suggests the possibilities to them. Usually someone from a commercial agency or house approaches the prospective buyer and offers his services for an agreed sum to help promote this trade.

Ninety percent of the American manufacturers have but a very hazy idea of what the country as a whole is doing in export trade. The manufacturers who do know the facts in these matters often overlook the immensity of markets that may be, that ought to be, open to us, and thus continue to neglect them.

The sales manager, or whoever has charge of the promotion of sales, may be in a serious dilemma, who listens to the arguments of salesmen soliciting the advertising of export trade through their mediums, without finding out if his commodities are suitable for exporting. Such salesmen are skilled in painting pictures of profits, added reserves and glories to the exporter and often approach the prospect with a series of arguments and general facts that, although true for some trade do not apply to the type of exporter to whom they are trying to sell advertising.

The merchant's willingness to take such risks as he has been unfamiliar with at home should be carefully tested before a decision to go in for exporting is made. If his seriousness is measured by a desire to

"dump" a surplus lot of worthless merchandise on an unsuspecting foreign public without considering the future consequences, then he had better devote his efforts to the home market, where such practices may find encouragement in certain sections.

Too much stress cannot be laid on the danger of engaging in export trade without first carefully investigating all available data.

The past experiences of the concern in the territory under consideration and in similar markets, and the advice given by resident representatives and agents of the concern are the kind of information that can be directly applied to export problems. The use of past experience in planning future efforts is one of the most valuable aids which the foreign advertising man has, yet one which is not generally used to the fullest extent because so little care has been given to isolating the bad points from the good.

General Remarks

Scarcity of information

"We need not attempt a definition - - we know export trade as the business which lands our goods in the show windows of Paris and Rio de Janeiro, which puts them in the bazars of Constantinople and Bombay, piles them up in the warehouses of Melbourne and London, puts them at work in the wheat fields of Russia and Argentina

and in the factories of Germany, makes happier life in the thatched huts of Fiji, adds to conveniences and luxuries in the palaces of Rome and Venice." (1)

It is extremely difficult to decide whether exporting is wise or not, if one has never tried it. There are many dangers, and only a comparatively few false steps are necessary to bring about severe losses, perhaps even ruin, to a small concern from a financial standpoint.

Will the merchandise be desired? If so, at what prices? Will the buyers pay as agreed, and if not how does one collect? Will the necessary expenses of clerical work, packing, shipping, consular papers, forwarding charges etc., increase the cost to the importer so much that he in turn will be unable to sell his trade and as a result not order again?

In the majority of fields there are available statistics which should be carefully analyzed and studied before attempting to export. In the paper specialty trade this is not so. Information is very meagre and unreliable. There are but few competitors, it is true, but they seem to have no wish to aid each other, and are jealously trying to monopolize the trade.

The Royal Lace Paper Works of New York State replied as follows to an appeal for general information

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(1) Hough, B. Olney, Practical exporting, N. Y. (The Johnston Export Publishing Co.) 1921 - seventh edition - p. 1

as to how they conducted trade of paper specialties.

"In response to your letter of the 13th instant, we are sorry to advise you, that we cannot reply to your questions.

"Information, such as you seek, can be obtained from the book, caption 'Exporter's Guide.'" (1)

The concerns who have small bank balances or unavailable reserves, should not consider exporting unless they receive their money in advance. First, because more time elapses before the buyer receives the shipment; second, after receiving it he demands much more time before payment than does the domestic trader.

Even the inexperienced executive will readily see that it would be almost impossible to persuade a foreign buyer to pay for merchandise in advance when dealing with a concern with whom he has had no previous business. True, it could be done if the exporter had a foreign warehouse or representative, but the small exporter cannot afford either, so until he is able to show the importer his wares, or have his representative call upon him and receive payment in advance, it would be far better not to consider exporting.

The export department should become self-supporting at an early age, therefore the export manager's

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(1) The Royal Lace Paper Works, 842 Lorimer St., Brooklyn, N. Y., letter of August 14, 1930 to Irene A. Porter, Everett, Mass.

first duty is to find profitable markets which will yield dividends as soon as possible.

Severe losses

In no other business should more care be taken to avoid losses, even small ones - - as small as bank interest or discount - - than in selling paper specialties.

Even on automatic machinery the cost of a so-called #6 bonbon cup is 6¾¢ a thousand. Due to competition it is impossible to get more than 7½¢ a thousand. This leaves a margin of ¾¢ a thousand. A very good sized order is for one million cups with a gross profit of $7.50. The minimum freight from New York City to Porto Rico on a shipment of this quantity would cost $2.80, the insurance $1.00, the minimum forwarding charge $2.50, bank cost for collecting the draft approximately 50¢, all given costs to be paid in advance by the shipper. Assume that the terms were a thirty day sight draft, papers attached, and when the shipment reaches the consignee he refuses it for some reason or other. The loss on this shipment alone will entirely "eat up" the profit on many others for a long time.

This illustration is not exaggerated, as bonbon cups are among the most common paper products in demand in Porto Rico, Cuba and the northern part of South

America.

This hazard is one of the common reasons why the smaller paper specialty house does not consider foreign trade until it has been in business for some years with a substantial surplus.

The very nature of the necessary transactions commands a well established house, fully equipped to handle export trade with a maximum of efficiency.

Export managers' duties

"At the outset, the exporting advertising manager should remember that his duties as an executive may be summarized up in three words - - Organize, Deputize, Supervise." (1)

Foreign trade no mystery

There is no mystery to foreign trade. All the difficulties vanish before a careful and sensible consideration of the subject. We think of so-called foreign lands as being "far", in reality California is "far" from New York; other lands have different languages, but tell me where there is any current language in the world that is not spoken somewhere in the United States. As for customs and tastes, we have our"Chinatowns", our "Little Italys" and "Germantowns" where the customs of the old countries are just as re-

(1) Propson, Carl F., Export advertising practice, N. Y. (Prentice-Hall Inc.) 1923 - p. 63

ligiously observed as in the fatherlands themselves.

After all, these things are but surface differences; beneath them all may be found the identical desires to live in comfort, be happy, enjoy good things and be socially acceptable.

If merchants in the United States would only take time to study foreign conditions they would be gratified to learn how many nations are looking toward us for products. It is admitted that our standards of living are the highest in the world, but this does not mean that they always will be, nor does the world in general intend to be inferior any longer.

One of the peculiarities of exporting paper specialties is that most of the inquiries and orders come from Porto Rico and from Latin America. A reason for this notieeable localization is that any country that belongs to England, or that is under her supervision or control buys its paper goods from her; again any nation, even if not English or one of her possessions, but which imports from England is able to buy these articles of equal, if not better value than ours for less money. This is true also of importers of German or Austrian goods. The letter of The A. Freeman Agencies, Cape Town, Africa is a typical reply to a paper specialist attempting to sell his goods in South Africa.

"We have tried out a number of your lines but find

that the prices of Continental goods are so low that it would seem useless trying to place your range. Prices are cut to an extremely low point on goods from Germany and Austria at the present time. Under these circumstances it does not pay us to spend time and effort on same." (1)

It is a fact that the importers in the vicinity of Boston can buy paper doilies from English exporters for less money, including duty and other charges, than the William W. Bevan Company can manufacture doilies of equal value. Fortunately for this concern, as well as other American manufacturers, there is so much "red tape" in the handling of such shipments that the buyers prefer to purchase an article a bit more expensive and get daily deliveries than experience the trouble that imported shipments necessitate. It is common for the officials of the local custom house to keep a portion of such shipments in their rooms for a week or ten days before inspecting.

Most of the foreign importers across either the Atlantic Ocean or the Pacific are not larger buyers of American paper specialties because of English competition.

Shipping to Porto Rico is of course the easiest

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(1) The A. Freeman Agencies, Cape Town, Africa, letter of November 14, 1930 to William W. Bevan Co., Everett, Mass.

to handle, as there are so few regulations and rules in any way different from domestic trade. No consular papers are necessary or translated commercial invoices because this Island is United States territory. Its people are American citizens, electing their own legislature. Our President, however, appoints a governor for the Island. Moreover the buyers there are well reputed, place large orders and make prompt payments. Also very little translation is necessary, as English is taught in the schools and spoken and very few of the agents or salesmen are unable to read and write it fluently.

The territory spoken of as "Latin America" includes the twenty republics of Mexico, Cuba, Santo Domingo, Haiti, Guatemala, Honduras, Salvador, Nicaragua, Costa Rico, Panama, Colombia, Ecuador, Peru, Bolivia, Chile, Argentina, Paraguay, Uruguay, Brazil and Venezuela. Although often called a part of "Latin America", the term does not include Porto Rico nor the Guianas (French, English and Dutch possessions) nor British Honduras.

The area of the countries which are included in Latin America is approximately 8,700,000 square miles. This is two and one-third times that of the United States, without Alaska and insular possessions. The population, according to latest reports, is 50,000,000. Of the twenty republics, Brazil has an area of

3,500,000 square miles, being equal to the area of continental United States with the area of twenty-five states the size of Delaware added.

Comparing the exporting of paper specialties to these countries of Latin America known as Central America also, with shipping to Porto Rico and Cuba, it is found that much more expense is involved and that in general all fees are much larger.

For instance, the charge made by the National City Bank of New York City for collecting a draft in Cuba is 1/4% clean or 3/8% documents attached and 1/4% to Porto Rico, but to Guatemala it is 1% in Guatemala City and 1 1/2% elsewhere, to Honduras it is from 3/8% to 1 1/8%, to Nicaragua it varies from 5/8% to 1 5/8% and to Salvador 1 1/8% of value of shipments.

Although most charges are paid by the importer, he generally refuses to pay collection charges unless they are specifically understood. It is evident that on articles that yield so little profit even by the thousand as paper specialties, the net amount clear of all expenses could be easily lost by just such fees.

A reason why exporting to Central America is not as desirable as to South America, for instance, is that the buyers purchase much smaller quantities, and also assort their orders as much as possible to get a

variety, all of which adds overhead expense in clerical work and shipping.

As for exporting to South America, the best sales on the general line of specialties are made to Venezuela, Peru, Colombia, Ecuador and Brazil, in the order named.

Briefly recall the geographical aspects of the South American countries, and the natural export trade between them and the United States is easily understood.

Colombia, nearest to the United States, is recognized as one of the richest and most beautiful of the countries of that continent, containing magnificent scenery, with extraordinary variety and wealth of natural resources. It is noted as the first producer in the world of platinum, emeralds and mild coffee and the first in South America of gold.

Venezuela is next in position and next in size, being sixth of the South American Republics in area. Her territory covers about 394,000 square miles, equal to that of California, Arizona and New Mexico.

With approximately 3,000,000 inhabitants, Venezuela is entitled to the same rank in population, for though Chile with smaller area surpasses her in this respect, Bolivia, with greater extent of territory probably has fewer inhabitants.

The area of the Guianas is about 170,000 square miles, of which British Guiana has 90,000, Dutch 46,000 and French 33,000 square miles. As these countries are colonies instead of republics their governments are naturally different.

This country was settled later than Venezuela and Colombia although sighted by Columbus in 1498 and visited not long afterward by traders who exchanged wares with the Indian population.

Ecuador has an uncertain area on account of boundary disputes. However, it is first of the West Countries from the north with approximately 116,000 square miles now in her possession. She is usually ranked as next to the smallest South American republic, Uruguay. No official census of Ecuador has ever been taken, but a liberal estimate places the population at 2,000,000.

Alexander von Humboldt, the distinguished scientist, declared that the country of Peru would one day become the centre of the world's colonization. It has been called the richest in natural resources of any country in the world, containing within its borders every variety of climate and of natural or possible production, together with wonderful fertility of soil and marvelous wealth in minerals.

Bolivia, one of the two inland republics of South America, has an enormous area, a section of which

is still unexplored. Its chief towns are situated on the lofty Andean plateau or a little over its western edge. Here in the 16th century, prior to the existence of New York or Boston, were populous wealthy cities, hundreds of miles from the coast and from the seat of the Viceroy at Lima.

The country of Chile, covering 290,000 square miles, is seventh in size of the South American republics. It is frequently ranked with the two largest, Brazil and Argentina, owing to the enterprice of its inhabitants. It is ribbon like in shape, having a length of nearly 2700 miles, a trifle more than Argentina; in a direct line 2140 miles, with a width of 70 - 248 miles, averaging about 85. With approximately 4,000,000 inhabitants, it is fifth in this respect.

Argentina, from the south the first country on the Atlantic coast and the second largest in South America, has been called not only the most progressive on that continent, but the richest per capita on the globe.

Paraguay is called the most romantic of all the South American countries, from the point of view of nature and history both. It is a land of "dolce farniente" so far as agreeableness is concerned, a land where nature is lavish and necessities few; on the other hand a region where the climate is not enervating,

where energetic action and enterprise are not altogether lacking, and where these find ample reward. One of the two inland countries of the continent, having always been such, she has no grievance on this account. In fact, being in the heart of South America and almost surrounded by rivers, Paraguay has in many ways a most favorable location for inland commerce, which will surely bring her prosperity.

Uruguay, still occasionally called the "Banda Orientat" (the land east of the Uruguay River) is the smallest republic of South America, having an area of 72,172 square miles. This area, however, is larger than New England. The country has now about 1,500,000 inhabitants.

The country of Brazil, the largest of the South American republics, has also a greater area than the United States without Alaska and is more than three-fourths the size of Europe. It cannot therefore be considered as a whole so easily as the other republics. It is essential to differentiate between the various regions and states; for the dissimilarity is not confined to climate and productions; or to the character of the people, by reason of some being indigenous and others of European descent. It arises in part from the long coast line and the difficulty of land communications; in part from the fact that

in some districts the population is almost entirely of European descent while in others there is a large percentage of negro blood; as well as from differences in physical and climatical conditions. Thus the capitol is not so markedly the center of the republic as in Argentina, and the states are more loosely bound together than in other republics. The states and the character of the people may be said to differ as much among themselves as the countries of the West Coast from each other, a point of importance to notice in commercial relations.

No attempt is made to convince the exporter of paper specialties that it is only from these countries that he will get results, or that he will even have any transactions with any of them; what he offers through the advertisements in the foreign journals may not appeal to these territories at all, but to others. It does not matter where the inquiries come from because when the time for shipment arrives the proper information will be available through the services of the forwarders or with the aid of the Department of Commerce in his vicinity.

Nor should the matter of translations trouble the exporter. At first it would seem that if letters, catalogs and price lists should be translated into the language of the inquirer, it must be necessary to employ so many translators that the resulting expense

would be exorbitant. Actually it is seldom necessary to translate a letter into any language other than Spanish, French or Portuguese when selling paper specialties.

During the year and a half that the William W. Bevan Company have been exporting, only once was it necessary to have a letter translated into Portuguese and twice into the German tongue.

According to translators of export letters, in exporting other lines more languages are used, however. From the American export manufacturer's standpoint, in the order of their importance the languages are Spanish, Portuguese, French, German, Italian, Dutch, Japanese, Chinese and Russian.

Spanish comes first, not because Spain is one of our most important exporting fields, but because our largest and most worth-while group of foreign markets is made up of all the countries stretching from Mexico across Central America down to the Straits of Magellan, bounded by the Pacific on one side and the Atlantic on the other.

In this geographical area also lies Brazil, a Portuguese speaking country covering a larger part of the earth than the United States of America. Brazil's population is given at over 40,000,000 or fully one-third the population of all the Latin republics below our southern border. Hence, the Portuguese language

ranks second in importance, although Portugal in Europe is rich in history and now comparatively handicapped in resources.

French is given third place because France is buying more and more from America, and her example is followed by the countries in Asia and Africa over which the French flag flies. Moreover, Belgium and Haiti use French and we all know that a part of the Canadian population still uses that tongue. Also, French is more generally known in all the other countries of Continental Europe among the educated classes than is English or German, and it is the foreign trade language of Greece, Turkey, Persia, Egypt and Arabia.

While Germany apparently is more anxious to sell to America than to buy here, the exports to Germany are not lagging. That language can also be used in Poland, Czecho-Slovakia, Bulgaria, the Balkans and several other countries including Russia.

Italian circulars and catalogs, folders and price lists etc. are constantly required because there are certain lines of goods which Italy will import more and more from America.

Dutch printed matter is required for exports to the Netherlands and Dutch East Indies. Sweden, Norway and Denmark being relatively limited markets and having no Colonial possessions, there are only infrequent calls

for catalogs in Swedish, Norwegian and Danish.

Translating into Japanese and Chinese may cause a little surprise in view of the peculiarity of the ideographs used, but translations from English into Japanese and Chinese are being made in the United States, and catalogs have been printed, and are being printed, with those translations.

English catalogs will answer all practical purposes in Asia and Australasia until an agent has developed sufficiently to warrant his asking for something different for special distribution among natives who do not at least read English.

In Africa, the call is for literature in the language of the mother countries - - namely either English, French, Portuguese, Spanish or Italian.

The "New Tariff"

When the new tariff went into effect in many exporting offices there was considerable lamenting. Those who had not carefully studied its enumerations were under the impression that no longer would the United States be in her enviable position as exporter, because all the nations against whom our tariff was directed would stop buying our products. The actual results have been very different from those anticipated.

Effects on world trade

To quote an article from the American Exporter, evidently there has been but little change:

"Its effect on world trade will be insignificant. Seventy-two percent of the rates are the same or lower. Those raised chiefly affect Canada only.

"No tariff legislation ever attracted so much attention at home and abroad as the new tariff recently adopted by the United States. Yet, strange as it may seem, the changes made in rates under the new tariff are, for the most part insignificant. They do not justify the amount of agitation they have caused during the fifteen months' debate in Congress, except on the part of Canada perhaps.

"The changes are not such as to cause a ripple on the currents of the world trade. - - - - - Analysis indicates how insignificant most of the changes are from the standpoint of overseas trade.

"2,096 items have the rates of duty unchanged.

"235 have the duties lowered.

"75 former dutiable items are now placed on the free list .

"48 former free items are now placed on the dutiable list.

"887 rates are increased, of which 250 are farm products.

"The changes of duty on farm products do not affect world trade at all. In nine cases out of ten

they affect Canada chiefly, and in very many cases Canada only. In one case they affect Cuba - - chiefly American capital, by the way - - and in some they also affect Mexico." (1)

President Hoover estimates that the average duties collected under the new tariff will be about 16% of total imports, as compared with 13.83% under the present law, 19.3% under the pre-war tariff and 25.8% under the Dingley law.

Effect on exporting paper specialties

A study of the individual countries affected by the tariff shows that Latin America, excepting Cuba, is the least affected of all. This is pleasing to the exporter of paper specialties, because these markets are his most logical outlets. Further, actual shipments to other countries have shown no decrease, therefore the statements made by the "American Exporter" are proved by actual exporters in the paper trade.

Conclusions

A few years ago people living in the eastern part of the United States were rejoicing because the automobile had brought the west to their doors. Miles

(1) American exporter: Vol. 107 - No. 2 - p. 12 - N. Y. (The Johnston Export Publishing Company) August, 1930

began to mean nothing! Motor trucks were transporting freight all over the United States, even to points inaccessible to the steam train.

Today the commercial air plane is performing the same service to the world. Every day new routes are being opened, countries and nations are in such close contact with each other, that were our ancestors to see it all at once, no doubt they would take steps to burn the inventors as witches and devils.

The problems of foreign trade include all the problems of domestic trade, complicated by the fact that every foreign transaction must comply with the laws of two jurisdictions. Satisfactory adjustments are more difficult than in domestic transactions. The executive problems of foreign trade may be grouped as follows: first, the problems of selling. This includes the creation of a selling organization and its operation so as to secure a profit. The second group of problems includes satisfying the buyers from the view-point of the purchasing executive located in an import house or in the import department of a manufacturing wholesale or retail concern. In addition to the problems of control is the group of problems relating to financing of foreign trade and the management of credit. Physical delivery of goods is the fourth group of problems. Shipping management, railroad organization and operation all come under this general

heading.

The important thing to consider before engaging in export trade in general, and paper specialties in particular, is whether or not the merchandise offered will be of interest to the foreign buyer. Will they be desired? Has the concern sufficient reserve to finance a campaign? Is advertising medium the right one? Finally, even if goods are desired and there is sufficient reserve and a proper advertising medium, will the result be favorable from the viewpoint of net gain?

Unless the answers are all in the affirmative it would be unwise to attempt to sell paper specialties abroad. But if they are, what an outlet is going to waste through the lack of some salesmanager's attention! What wealth lies at his door, untouched!

CHAPTER II

ADVERTISING FOR EXPORT TRADE

Methods of presentation--Direct correspondence--Foreign salesmen--Export papers of the United States-Bureau of Foreign and Domestic Commerce--Commercial agency chosen as medium--Interviews with their salesmen--General character of contract--Advertisements--Interlude--Conclusions

Methods of Presentation

Direct correspondence

If an exporting house has been shipping abroad for some time and has on its records the names and addresses of the desired foreign trade, further development is possible through this channel, namely direct letters to the customers. Obviously it would be impossible to develop satisfactory trade abroad with no previous experience or no available prospects upon which to rely. Suppose, for instance, the paper specialist decides to sell his products to traders in Peru, assuming that he never sold before, to whom should he write? It would be as ridiculous for a New England merchant to attempt selling to jobbers in Colorado without access to a Buyer's Guide, Dun or Bradstreet book or other list of prospects.

One of the logical channels used by the prospective exporter is advertising space in the foreign journals. An advertisement of chosen size is inserted, listing all offered commodities, prices omitted, illustrating a few of the articles and giving the name and address of the exporter.

This journal may be distributed free of charge to the importer, the publisher realizing his profits from the advertisements, or it may be sold to the importer. Great care should be taken in choosing the journal; the important factor is that the attention of the importer is focussed on the advertisement and that he in turn will seek information from the exporter.

There are two types of periodicals published in the United States for foreign circulation. At present, the most important group is that which is circulated to the foreign trade carrying a large amount of advertising, which covers practically every article which we export. These periodicals are the foundation of every foreign advertising campaign, as they keep the product constantly before the importers, whose steady support is so necessary for success.

Another channel used, but not so often or so satisfactorily, is engaging the services of foreign agents by direct correspondence and selling abroad through their medium. Foreign agents are desirable, but seeking them through direct correspondence is as

difficult as seeking buyers directly. In this case too, it is far better to insert an advertisement in a foreign journal, which will actually bring more inquiries from foreign agents than it will from prospective buyers.

Foreign salesmen

In another chapter the advantages of foreign salesmen are clearly enumerated. Briefly, their services to the inexperienced exporter are almost as necessary as those of the commercial agencies. Contact with them is made also through advertisements in foreign journals rather than in a direct way.

Export papers of the United States

In New England and New York State the most important export journals are as follows:

American Exporter, published by the Johnston Export Publishing Company, 370 Seventh Avenue, New York City, 83 advertisers

Commercial America, published by The Commercial Museum, 34th Street below Spruce Street, Philadelphia, 33 advertisers

Dun's International Review, published by R. G. Dun & Company, 290 Broadway, New York City, 18 advertisers

American Automobile & El Auto, published by Business Publishers International Corporation, 460

West 34th Street, New York City, 17 advertisers

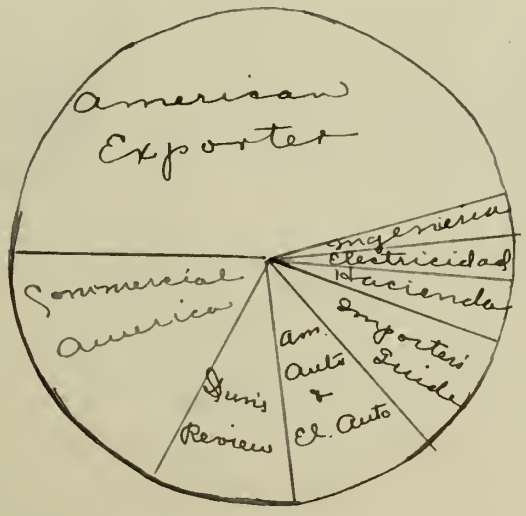
Importers' Guide, published by J. E. Sitterley, 101 West 31st Street, New York City, 15 advertisers

La Hacienda, published by W. F. Wendt Publishing Co. Inc., 20 Vesey Street, New York City, 7 advertisers

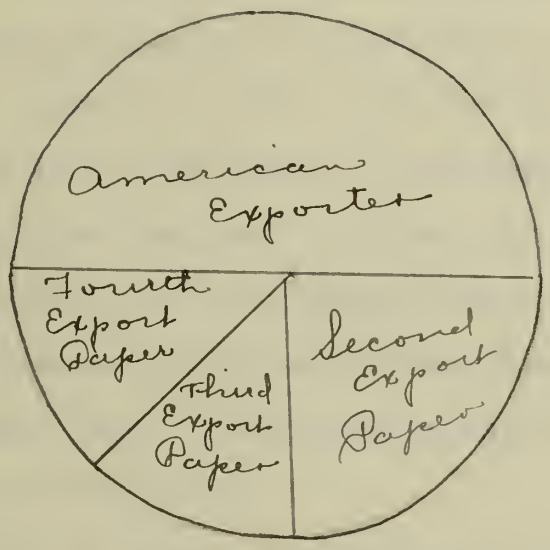
Electricidad en America, published by Business Publishers International Corporation, 460 West 34th Street, New York City, 4 advertisers

Ingenieria Internacional, published by Business Publishers International Corporation, 460 West 34th Street, New York City, 4 advertisers.

The above list is in the order of their importance from an advertising standpoint as shown by comparing the number of New England advertisers appearing in the "American Exporter" (March, 1930 edition) with the number of advertisers in the next seven export journals. In a graph it appears as follows: -



The following record is also published by the "American Exporter." It is a leaflet they send out to prospective advertisers and shows the annual volume of advertising published in export papers during 1929 as compared with 1928:



AMERICAN EXPORTER	.....	3776.2 pages	49.8%
2nd Export Paper	.....	1801.0 "	23.8%
3rd Export Paper	.....	1007.4 "	13.3%
4th Export Paper	.....	994.2 "	13.1%
		7578.8 pages	100.0%

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Bureau of Foreign and Domestic Commerce

One would think that an inexperienced paper specialist would at once seek the services of this department as soon as he considers exporting at all. This is not true. Although this Bureau offers all its services free of charge, and graciously answers all questions as far as possible and is anxious to be consulted, experience shows that the paper specialist desirous of exporting does not consider its facilities to any great degree. This may be due to the fact that when members of the Foreign Trade Bureau were directly appealed to at the Customs House in Boston they admitted that in the paper specialty trade they did not have much data.

Norman S. Meese, Assistant Chief of the Paper Division of the Department of Commerce, Bureau of Foreign and Domestic Trade at Washington says,"Generally speaking, the market for certain kinds of paper cups and specialties of this sort is rather limited abroad and in many of the fields where they can be sold other manufacturers have already made considerable headway. Competition is keen and business in specialties of these kinds is of slow growth. As to the wisdom of exporting cups, however, I see nothing that would militate against the exportation provided a

proper market can be found for them." (1)

On its face this letter was rather discouraging, yet in direct communication with Mr. Meese at the Custom House in Boston he frankly admitted that he really knew but little about this particular branch of exporting, as no one had previously called on him for suggestions.

On the same day that Mr. Meese wrote to the William W. Bevan Company, he also wrote to the Boston District Office, Paper Division, of the Custom House as follows:

"Under date of July 30, 1930, Mr. I. A. Porter of the Sales Department of William W. Bevan Company, Parkway at Vine Street, Everett, Mass., asked for any information concerning the wisdom of exporting paper specialties such as paper baking cups, drinking cups etc. to foreign countries.

"I am enclosing herewith for your information a copy of my reply to Mr. Porter in connection with his request and would suggest that you may wish to take this opportunity to solicit the William W. Bevan Company for listing upon our Exporters' Index. At the same time it might be well to suggest the Trade Information Bulletin published by the Paper Division

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(1) Department of Commerce, Washington, D. C., Meese, Norman S., Assistant Chief, Paper Division, letter of August 11, 1930 to William W. Bevan Company of Everett, Massachusetts.

in which are indicated as a usual thing some information concerning paper cups. A number of firms manufacturing paper cups in large quantities and well known have entered into the export trade rather extensively and are at present represented in most foreign countries where paper cups can be sold. It is rather difficult to indicate any specific country other than Canada as a starter, with Australia, South Africa and Argentina following as possibilities.

"Probably Mr. Porter would consider favorably the suggestion of sending us samples of the particular cup manufactured by the William W. Bevan Company, together with any advertising literature and other illustrated material together with prices and terms in order that these may be sent to three or four of our foreign offices for investigation of markets. This, I believe, would be the best way of assisting him and if the suggestion meets with his approval, will you please see that this material is forwarded in as great detail and with as full particulars as possible. Quotations should, of course, be made c. i. f. where possible." (1)

Although his letters were of no particular help, during the interview he mentioned that very accurate reports called "sales information" could be secured by

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(1) Department of Commerce, Washington, D. C., Meese, Norman S., Assistant Chief, Paper Division, letter of August 11, 1930 to Boston District Office, Boston, Massachusetts.

writing to Arthur S. Hillyer, Chief, Commercial Intelligence Division at Washington. No one in the exporting department of the Bevan Company knew of these sales information reports before.

Commercial Agency Chosen as Medium

Interviews with their salesmen

As the important commercial agencies in the eastern part of the United States are not numerous, this fact makes it a simple matter to study the various offerings and decide upon the one best fitted to reach the desired trade. Any one of them will gladly give complete information as to costs, services and departments.

In consulting the agency's salesman there is always the danger that he will do all possible to induce the merchant to engage in foreign trade regardless of whether it would be advisable for him to do so or not. This fact is more often found to be true than is believable. A salesman or representative from a foreign trade promotion house will get the name of some firm, in some way, and without proper thought or consideration from the prospect's point of view, will commence a selling campaign until he induces him to undertake exporting.

About a year ago a salesman from one of the largest foreign commercial agencies decided that a certain manufacturing concern was a logical sales prospect. He

obtained an audience with the manager of this company and painted such golden dreams of accumulating wealth from the sales in foreign lands that the manager believed he had found the long sought solution of increased factory production.

Without further investigation - - really, he did not know how to investigate further at that time - - he contracted for a year's advertising in the paper, the "Exporters and Importers Journal" for $25.00 a month.

To make matters more complicated, this salesman, who must have been misinformed, suggested that the prices be quoted on all inquiries at an advance of 300% less a discount of 50% to induce foreign trade. He said,"Those people abroad will pay anything for American goods."

Upon the advice of this salesman an article ordinarily selling in this country for $1.00 would be listed for $3.00 less $1.50 or net $1.50. A complete price list was revised accordingly and made ready for quotations.

The manager, a visionary, saw success, wealth and prosperity near at hand; he saw the factory working three shifts daily and a line of trucks leaving loaded with goods for the foreign buyers. Incidentally he saw a raise in his salary, or at least a substantial bonus at the end of the year.

Alas for the dreams! The reality was an actual expenditure of $172.50, as the contract with the agency

was cancelled at the end of six months at a "short rate" figure and not one single sale had been made to decrease the expense.

This was a sad lesson!

The failure was not entirely due to lack of replies from the advertisement, because many were received; nor was it due entirely to excess prices charged. It was due mostly to a lack of system for handling foreign inquiries.

When the letters came from the importers or prospective foreign agents, they asked questions so different from those of the domestic buyers, that the inexperienced export manager and sales department manager did not know how to answer them. These buyers wanted to know rates c. i. f. their ports; cubic inches of packing cartons, contents, foreign insurance charges, forwarding costs, and of course all these questions remained unanswered because the information was unknown to the selling concern nor did it know where to find such records.

Prices were quoted at the excessive advanced percent less agreed discounts, and before many months had elapsed the manager deeply regretted his attempt to sell paper specialties to foreign buyers. Further, for some time to come he consistently condemned export trade in general.

"First and foremost, every advertising attempt must have a fixed and definite objective. Guerilla

warfare, which consists of roaming around the enemy territory, harrying the countryside, and making such moves as are dictated by the spirit of opportunism, does not win battles. Victories are achieved by the methodical execution of carefully laid plans, which may reasonably be counted on in advance to bring success." (1)

The real knowledge that the average representative from a commercial agency has of the advisability of engaging his firm's services as a medium to foreign trade is at best based on only general knowledge of what some other similar concern is doing. Although the salesman may know that a concern is advertising in his paper, he seldom has any way of learning concretely what the realized results are. He only knows that the Jones Paper Company got replies and orders from advertising in his journal because they told him so, and that they continue to advertise and renew their subscriptions when the contract expires. Therefore, it is reasonable to believe that if Brown Paper Manufacturers do the same they too will profit.

He calls on the manager of Brown Paper Manufacturers and sells him space in his paper. The results that Mr. Brown gets are, however, entirely dependent on his method of handling the whole matter, from listing and

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(1) Propson, Carl F., Export advertising practice, N. Y. (Prentice-Hall, Inc.) 1923 - p. 7

answering the first inquiry to collecting payment for the last shipment. The best written advertisement may fail to bring actual orders if not properly handled by the exporter, while a poorly presented advertisement may work wonders if correctly "followed up" by the seller.

A letter sent from the Export Department should accomplish more than a letter written by any other department of the firm or company.

Some of the reasons why the export letter must be more effective are:

It has to travel, perhaps to the other side of the globe, and often wins or loses an order before another communication is delivered.

The letter, if not complete, will cause your correspondent to write you again.

A disappointed and dissatisfied foreign customer is harder to win back than a domestic customer.

Your letter must do what a salesman is expected to do.

It should not be understood that the services of commercial agencies are undesirable. They have a very definite place in developing export trade all over the world. Merchants or manufacturers desiring to enter into the foreign field usually do solicit such business through commercial houses, as the small profits realized on their products do not warrant the expense of sending

salesmen abroad, or the establishing of foreign branch offices and warehouses. The cost of an advertisement in the foreign trade journals and the services offered by commercial agencies are indispensable to the exporter who has no other medium of presentation.

Before attempting to develop the export trade of paper specialties, carefully study all possible data sent out by any considered commercial house! Interview the different salesmen and compare their offerings! Do all possible to assure successful trade with other countries and the decision made will then be wise!

General character of contract

The usual method used by commercial houses for inducing importers to buy merchandise of their subscribers is to insert an advertisement in their journals or magazines and distribute these papers abroad, free, to a carefully selected list. The importer writes directly to the advertiser, or to the commercial house who in turn gives the name to the concerned subscriber. These journals are published in English and in other languages, usually Spanish, French and Portuguese. The number of journals that publish the advertisement depends on the agreement between agency and advertiser. Two is the minimum number, these two being Spanish and English generally, although the importance of Portuguese

journals is stressed by some of the important commercial houses.

Deciding what countries to appeal to is what influences the exporter to limit or increase the number of journals in which he will advertise during the same month.

At first the new exporter, who has had no previous record to depend on, usually relies on the advice of the commercial agency to suggest the number of journals for his offering. The Commercial Museum, whose magazine is published in both English and Spanish offer both as outlets; the Johnston Export Publishing Company offer English, Spanish, French and Portuguese. They recommend that at least two journals be used, but claim that to get really gratifying results, at least three should contain an advertisement. Their rates vary, according to the number of magazines used.

Advertising space in the various export journals is not the only feature of the contract offered by the commercial agencies. In addition, translation as well as credit service is included. Usually these services are not unlimited, because it is obvious that the amount paid for advertising space could not permit translations without number, or innumerable credit reports. The cost of translating service alone would be considerable if an exporting house engaged translators.

It is regrettable that many salesmen will not explain these limits when selling advertising space, and later unpleasantness results. Attention is called to the contract offered by The Commercial Museum in chapter seven of this thesis. No mention is made of any limits, yet they exist, and the exporter is charged for an over amount of translations or credit reports.

Not only do they publish advertisements in their magazines, translate letters and furnish credit reports, but they, too, send reports of interest to their customers such as lists of prospective customers, changes in shipping regulations and statements of market conditions abroad; they issue pamphlets showing money comparisons, exchange rates, usual domestic and foreign terms, commercial abbreviations and also assist in collecting accounts which are not paid as agreed.

The Commercial Museum of Philadelphia has display rooms devoted solely to displaying their customers' wares. They invite foreigners to visit them and study these offerings and recommend the names of their clients to these prospective buyers.

Another interesting feature of the services offered by The Commercial Museum at Philadelphia is the publication every Saturday of the "Weekly Export Bulletin." This paper is sent to all the subscribers "for the purpose of conveying to American manufacturers accurate information pertaining to the trend of export

markets and wants of foreign buyers."

This bulletin deserves the attention of every export man. Its usual offerings are comments, foreign inquiries for American goods, brief commercial reports, exchange rates, and in the bulletin published at the end of the month there is a monthly summary of exports.

The comments are comprehensive and fair. Often they are from the importer's point of view, which ordinarily the exporter does not hear; the foreign inquiries for American goods are alphabetically listed, and from importers who really wish to correspond with an American firm and eventually buy from them; commercial reports are authentic and concise, mentioning only principal happenings of interest; the exchange rates are important to note, as they are constantly varying, and the large importer must consider them in buying goods; and the monthly summary is a fair index of the month's foreign business.

Advertisements

The omission ofprices is noticeable in foreign advertising, also the appeals for foreign agents or foreign salesmen, rather than a direct attempt to attract jobbers and consumers.

Interlude

After the commercial agency medium is chosen, for weeks, even months, there usually are no replies. During

this time the paper specialist should plan a tentative routine, allowing for considerable flexibility, and prepare for the inquiries to the best of his inexperienced ability.

If the proper commercial medium has been chosen he will find their departments ready to aid him, as it is to their advantage as well as his own to promote all foreign trade possible.

In describing methods of merchandising abroad, Wyman asserts, "Advertising is effective as a business-creator and it is also an important business aid until the new exporter has ability to follow up inquiries." (1)

Conclusions

The best way for the inexperienced paper specialist to enter the foreign field is to engage the services of a reliable commercial agency and make use of these services in all their various branches.

Complete dependence upon such a chosen agency is not wise, however. The local Bureau of Foreign and Domestic Trade should be interviewed, and their suggestions compared with those of the agencies, then only those adaptable to the particular exporter's business should be considered.

After the advertisements have been inserted in the journal and plans made for handling inquiries and

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(1) Wyman, Walter F., Export merchandising, N. Y. (McGraw-Hill Book Company Inc.) - 1922 - p. 28

orders, the new exporter must not become impatient for immediate results. Often months elapse before he receives letters, as the importer is a cautious individual who considers long and wisely before attempting to buy anything new.

CHAPTER III

FIRST INQUIRIES

Difficulty of classifying first replies--Cannot tell if agent, store, jobber etc.--Exercise caution in indexing letters--"Letters ahead" device--Story of inefficient care of inquiries--Losses realized-- Importance of careful replies stressed--Always ask references if new--Credit reports and sales information--All available sources--Prepare for following letters or orders--Conclusions

Difficulty of Classifying First Replies

Cannot tell if agent, store, jobber etc.

One of the first difficulties that the foreign correspondent meets is the impossibility of deciding in what capacity the inquirer desires to act, whether as a foreign representative selling on a commission basis, as a store owner buying on his own account and selling to the consumer or as a jobber selling to other jobbers, stores and so on.

In the paper specialty line most inquiries are received from prospective representatives but until one is sure it is always best to request definite information before quoting prices or terms. Even if samples and prices are requested, experience has shown

that the best policy is to make certain the status of the buyer first. When answering the first inquiry, if references are not given this is the time to request them, because the first lesson the export sales manager must learn is never to sell a dollar's worth of goods, even on a sight draft, unless proper references have been consulted.

At the time the first inquiry is answered, even if only by a general letter requesting classification as to the buyer's interest, it is well to include a catalog and other descriptive matter but without prices. This will assist the buyer in deciding whether or not he is interested in the line, and at the same time save both buyer and seller another letter in case he is not.

Exercise caution in indexing letters

When soliciting foreign trade the merchant will learn that before he can make any strenuous efforts to develop a given market he must familiarize himself with a series of details, entirely new to the business routine in the domestic field. Usually this confuses his correspondence methods at the beginning.

After the inquiry has been answered, however general the reply may be, the letter should be recorded on a card classified (1) as to name of country, (2) as to name of city or town, (3) as to name of

prospect. All the correspondence itself should be filed in a compartment reserved only for foreign letters and cross indexed with the cards. After a short time the exporter will realize that many inquiries are received from the same cities, so at the beginning it is advisable to take care to guard against the separation of cards bearing the names of the same cities.

"The foreign correspondence should be centralized. It should be received and answered in one department. It should be under the direct check of some one qualified to supervise it, even if too voluminous to be handled by him alone." (1)

"Letters ahead" device

If the products offered appeal even in a small way the usual method of "putting letters ahead" will not suffice. Letters from such distant lands as China, India, Australia etc. must be allowed at least two and a half months' time before a reply should be expected. The ordinary "ahead file" has thirty-one spaces corresponding to the days of the month, and obviously were a letter to India put ahead two and a half months and followed up at the end of one month, which is very likely in the daily routine, labor, time and money

(1) Hough, B. Olney, Practical exporting, N. Y. (The Johnston Export Publishing Co.) seventh edition - 1921 - p. 101

would unnecessarily be spent.

Story of Inefficient Care of Inquiries

Losses realized

A Boston concern inexperienced in exporting carefully answered all inquiries, filed them correctly ahead but did not card index them in any way. Within six months the foreign sales department discovered to its dismay that they were sending samples and prices to several representatives in the small cities where only one could sell efficiently and, even worse, writing the same letters more than once to the same inquirer, as it is customary for foreign buyers to send a duplicate of their letters a few days after the original, to make sure that at least one is received.

In our own land, America, it may be easy to remember the names of salesmen and the names of represented cities, but consider the names of some nations and cities abroad, also that the names of some concerns are often reversed in our language, the first name corresponding to a surname, as well as the spelling of some of the foreign cities, and the impossibility of correctly pronouncing them, and it will be readily agreed that confusion would soon result if a carefully indexed and chronological record were not kept.

This particular Boston concern, realizing its mistake, worked its clerical force overtime going through all the correspondence, even to the first inquiry and properly classifying it. It also had the necessary but unpleasant task of recalling samples and prices where conflictions were occurring and starting all over again. In many cases the foreign representative returned neither samples nor prices, and in other cases where conflictions between representatives themselves had occurred, all sent back their samples and prices and refused to do any more selling for the concern. This latter occurrence meant starting all over again, with the added disadvantage of enmity in the territory where actual sales had been made to buyers from the previous salesman.

Importance of Careful Replies Stressed

Always ask for references if new

There are many things that may be said in a letter to a domestic customer that are entirely out of place in a letter to a foreigner.

It is possible and at times permissible to use a "breezy" style when writing to a well known customer at home; it may be good policy to call him by his first name and tell him that he certainly is O. K. and to continue to "shoot" the orders through the coming week, but such language will never appeal to a foreign

correspondent.

The very nature and text of foreign letters must vary according to customs and peculiarities of each particular country. Dignity must be one of the first characteristics, and even a suggestion of slang is not allowable.

Courtesy is of equal importance too. The export seller must remember that no doubt he will never see the foreign buyer and will be judged by the type of letters that he writes.

In most countries other than American the business man considers etiquette of business as important as the Washington social lion conforms to rules of etiquette. For example, only a few years ago the merchant of South America considered it an insult for a representative of the United States to appear at a conference or business meeting without wearing a silk hat and formal suit of clothes.

Above all, the exporter who has charge of the correspondence must not become confused by the nature of the inquiries that he receives. Every one should be handled and cared for as carefully as if it were an actual sale. Most foreign buyers are much more particular with their purchases than the American merchant, and if his questions are not all answered considers it a personal affront and will do nothing more with that concern.

Unusual care must be taken by all from mailing clerk to president. If the clerk is confused when faced with the necessity of correctly stamping a letter addressed to China he will make unnecessary mistakes and irritate prospective buyers. If the president secretly loses confidence in his judgment when faced with a question of foreign trade policy, then his decision, based on fear, usually will be destructive to future trade.

Remember, all queries arising in connection with foreign trade have logical answers. Why is foreign business conducted on a documentary time draft basis? Because in extending credit to a distant customer it is well to define clearly the maturity date; further, the foreign documentary draft is decidedly better even than our trade acceptance; and foreign trade in many ways is far more business-like than our domestic trade. The foreign buyer wants every phase mutually understood and agreed.

In emphasizing the importance of careful replies, Mr. Wyman says, "Surely every communication with a customer or one who is desired as a customer must be a sales communication. Every letter must convey a sales idea. Take, for example, an acknowledgment of an order. On its face the letter is purely routine in character. Yet the sales idea to be considered and included is to make the acknowledgment of such a character

that it will lead to other orders." (1)

Never close a letter to a new foreign prospect without asking him for references, even though his letter may have been only an inquiry. To be more specific, ask for United States references, if they have had previous trade with this country. Experience shows that if the prospect is worth while he will be glad to give them.

Many an exporter regrets that he did not fully appreciate the importance of such credit information before making shipments!

To an inexperienced exporter, the matter of hand written signatures in addition to typewritten firm names may seem unimportant. Signing all letters, notices or other direct correspondence is of utmost importance when soliciting foreign trade. In fact, it is as important as the context and nature of the letter itself.

Sometime ago the American Consul at Hankow, China called the attention of American firms attempting to sell abroad to this fact. The general fact that he conveyed was that the merchant invariably construed such a practice to lack of interest on the part of the American exporter and consigned such correspondence to the waste basket.

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(1) Wyman, Walter F., Export merchandising, N. Y., (McGraw-Hill Book Company Inc.) 1922 - p. 150

The Consul added further that he knew a firm that would take the time to write a polite letter of refusal even if they were not interested in the exporter's offering, provided the letter were signed with a hand written signature, otherwise it was just thrown away, without more thought.

Credit Reports and Sales Information

All available sources

Asking the prospect for references and relying on those given is not sufficient for safety.

At the time an inquiry is received, even though from a prospective representative, as well as from a buyer, a credit report should be requested from the commercial agency engaged, and a sales information report from Arthur S. Hillyer, Chief, Commercial Intelligence Division, Department of Commerce, Bureau of Foreign and Domestic Commerce, Washington, D. C.

When these reports are received, their information should be properly compared with reports of concerns previously given by the representative or buyer himself and then recorded.

Prepare for following letters or orders

During the period between answering the first inquiries and receiving the second, organize an export

department, if only a small one.

Never forget, or let others concerned forget, that there is a good profit in exporting paper specialties, if handled correctly.

Conclusions

Evidently it does not matter whether the inquiries are only general or specific in nature. The same amount of care should be taken in answering them and preparing for future replies.

The importance of references from every available source cannot be overstressed, and no step should be omitted to get as many as possible if a sale is expected.

CHAPTER IV

SECOND INQUIRIES

Two general classes--Prospective foreign agent--Direct prospect--Foreign agent--Importance of references--Translations--Complete samples--Prices--Terms--Order blanks--Catalogs--Other agreements--Direct prospect--References--If agent refer to him--No agent, sell directly--Samples--Terms--Conclusions

Two General Classes

Prospective foreign agent--direct prospect

When the prospect replies to the general letter of the exporter he mentions whether he wishes to sell the specialties to trade in the territory, receiving commission as remuneration, or whether he wishes to buy the merchandise outright and make his profit by selling it at advanced prices.

This information is the key that the exporter needs before sending prices, samples and other information. Now he knows with whom he is dealing and acts accordingly.

Foreign Agent

Importance of references

Before going into detail about prices, samples and other sales material which should be sent to the foreign agent, the exporter must remember that unless satisfactory references are already on file he should send only a general letter saying that the agent will hear from him again as soon as such information is received. An undesirable salesman will, as a rule, sell undesirable trade. On the contrary, one well recommended will take orders only from those who will add further credit to his reputation as a salesman and from whom he may expect repeated orders, which will increase the amount of his commissions.

The credit man who has charge of foreign orders is unfair to the importer when he instantly assumes, as soon as a foreign order is handed to him, that the buyer is dishonest and is trying to get something for nothing. Why is it that so many Americans instantly class all foreigners as "crooks" and won't even give them the chance that they give their own nationality? This condition actually exists in many firms. It is safe to say that the buyer who orders American goods has every intention of paying for them, especially when well rated, and certainly once he accepts the draft drawn on him. If payment is not made, nine times out of ten it is for some good reason which the seller should try to ascertain.

It is as easy to keep the percentage of bad accounts low in foreign lands as in domestic trade. The place to stop an undesirable account is when the order is placed. This is the real source, and if no foreign order is sent without a reference from the local bank, another from the commercial agency and at least two from other creditors, foreign trade is a thing to be sought and kept, even at prices no higher than those charged for domestic shipments.

In addition to requested references from the agents and prospective buyers themselves, it is also advisable to consult the credit department of the commercial agency with whom the advertising is being handled. If the buyer is known to any extent in the American trade these agencies will have information. On this information, however, complete reliance should not be placed as often very conflicting reports are furnished and the seller is more confused than before.

The following are copies of actual credit reports on Jose Isach, Havana, Cuba, sent out to the William W. Bevan Company by The Commercial Museum of Philadelphia, Pennsylvania: -

"Our correspondent reports that JOSE ISACH has been established at the above address for the past three years, engaged as a carton box manufacturer on a

small scale, and was formerly located at Barcelona No. 1. He is said to be working for several good stores, buying his materials from local houses in amounts of from $75. to $100.

"His capital is placed at $1,500, and his monthly sales at $1,000, and $100. is considered a safe credit limit.

"He is a native of Cuba, and is described as hard working and attentive to his business; he is reported to have done no importing, but meets his small local obligations, and enjoys a good commercial reputation.

"Further information coming to our attention will be reported."

This was submitted on June 21, 1930. On July 14, 1930 the following additional information was sent: -

"In a report from our correspondent we are informed that JOSE ISACH is a wholesale dealer in paper cups, plates, cardboard containers and he is also a manufacturer of cardboard containers. This business was re-organized in February, 1930 and he is the sole owner, born about 1898 of Cuban nationality.

"He has a paid in capital of $2,100 and is doing an annual volume of business of $15,000. He employs in all ten people. In the opinion of our correspondent he is only recommended for cash dealings."

These two reports were so conflicting that further information was requested. Then this report came on August 8, 1930: -

"Our local correspondent reports that he has consulted several local houses and ascertained that JOSE ISACH has been buying in amounts up to $75.00 which he pays at thirty days.

"However, in connection with the investigation, it is ascertained that the financial situation of this party is very critical which does not permit credit.

"Mr. Isach is a Cuban, personally well regarded, but his means are so small it is advisable to sell only on a cash basis.

"According to investigation made among banking institutions the subject of inquiry is unknown."

The result was the seller cancelled the order and possibly lost a good customer, but with such a mixed report no cautious exporter would dare make shipment.

Another reliable source of credit information is the Commercial Intelligence Bureau, at Washington, D. C., under the supervision of Arthur S. Hillyer, Chief. Although this bureau does not call its reports "credit reports" but rather "sales information", the accurate information that they give certainly serves as credit references. Their files on foreign buyers are the

most complete of any in the country. The banks, too, use their reports as credit bases. Even the commercial agencies admit that they use this source in obtaining their information.

The following form is used by the Commercial Intelligence Bureau, and its completeness is at once evident: -

Department of Commerce
Bureau of Foreign and Domestic Commerce
Commercial Intelligence Division

Washington, D. C.

This report, compiled by the American Consular Service, is furnished at your request in confidence and without guaranty or responsibility on the part of this Bureau or the Consular Service.

The report is designed to present a true picture of the business organization of a prospective buyer of American goods and to indicate reliable and available sources of credit information.

Report on _____

Address _____

Classes of goods and character of business _____

_____

_____

Language of correspondence _____ (Code address _____ (Code used _____

Buys chiefly: Domestic _____ Foreign _____

Imports on: Own account _____ Commission __ Consignment

Organization _____ Established _____

Branch houses _____

Traveling representatives _____

Representatives in U. S. _____

Financial references _____

_____

Stated capital ___Annual sales ___ Number of employes

Date of this report _____Relative size of concern ___

Manager or partners _____

_____

Capital stock controlled by _____

Agents for _____

_____

Stock and plant protected by insurance _____

General reputation _____

General remarks _____

_____

Another source of credit information is at the custom house of any city where one is located. Clerks will gladly perform this service to the exporter free of charge. In emergencies they will cable to their foreign correspondent for information, charging only the actual cost of the cable.

There is also a booklet published called "Sources of Foreign Credit Information", Bulletin No. 292, put out by the Department of Commerce, Bureau of Foreign and Domestic Commerce at Washington. This is sold for ten cents and is worth its price many times over. In this book are listed the sources of information for every large country in the world, and many of the smaller ones. The sources are usually mercantile agencies such

as R. G. Dun and Company, the Bradstreet Company or banks located in the principal cities of other lands. Their local addresses are given, so that the inquirer may write directly for information in the territory under consideration and save the delay necessitated by writing first to the American office.

In the case of the commercial credit agencies a charge for the report is made, usually ranging from $1.50 up, depending on the country from which the credit is desired, but in the case of most banks the information is furnished free of charge. Further, in the case of requesting information from the bank the request should be made through the exporter's local bank, as usually a bank will give such information through these channels only.

Again the importance of correct credit information cannot be overstressed! The important question is not so much how much time the buyer needs and how he wishes to pay as it is <u>will he pay</u>? It is not an exaggeration to recommend that all these credit information sources be consulted before a shipment, however small, is sent to the buyer. It is not advisable to always send for these credit reports when an inquiry is received, because often the foreign correspondent will not be considered in any event, but the moment he is considered from the sales point of view, these reports must be secured.

In comparing the replies received from advertising paper specialties through the foreign journals, it is noticed that the greater percentage of the replies are from representatives who desire to become foreign agents, and either buy at wholesale prices themselves or sell on a commission basis, or both.

Their requests should be carefully considered and handled, as most foreign buyers prefer giving their orders through these agents, rather than sending them directly to the exporter. This is not hard to understand; the same is true in the United States. The firm who does not have traveling salesmen but depends solely on correspondence for selling finds itself out of the running in a very short time.

Selling through foreign agents is also more satisfactory to the United States exporter. There are fewer losses and much less correspondence. One set of samples usually suffices, but even if a dozen sets are needed the cost is less than sending a set to all prospective buyers themselves.

The agent familiarizes himself with the samples and can talk intelligently to the buyers concerning them. He has a personal interest in making a sale if possible and guarding against undesirable accounts.

Were the sale made directly to the buyer, the sale would in no way affect other buyers if he refused

it, yet the representative knows that one bad sale reflects on his other accounts and retards their delivery, as the seller loses some of his confidence in his reliability.

A very great advantage in selling through a salesman is having him in the territory to attend to any disputes or questions that often arise over real or imaginary overcharges or excessive forwarding rates.

The salesman is often able to adjust the matter and avoid added charges of storage or other expenses due to the delay, and re-establish the former pleasant relations between his house and customer, whereas if the matter had to be adjusted through correspondence the delay would unavoidably mean expenses and very likely a breach of relations that could never be forgotten.

A competent representative knowing the customs, speaking the language and understanding the trade has greater diplomatic possibilities than a concern in a distant land could ever have.

Every adjustment office knows that it is possible to do more harm than good in making an adjustment, even when the customer's claim is met completely, if the adjustment letter leaves room for the inference that the wish is reluctantly granted and was not deserved.

From a business standpoint, even in domestic trade,

it is bad policy to sell any buyer in a territory, no matter how good his credit may be, and try to sell the jobbers there also. Any worth while jobber will refuse, absolutely, to buy from a concern who will sell his customers directly. The foreign representative avoids these conflictions too, knowing that his commissions depend on future sales. A distant seller, no matter how good his intentions might be, could not positively avoid conflictions as well as a local agent might.

Translations

Common courtesy, if not actual necessity, compels the exporter to correspond with the foreign agent in his native language. Further, from the efficient point of view, better results are realized if the agent is able to read correspondence from the exporter himself, rather than pay for translations or depend on inexperienced friends to assist him.

Although most commercial agencies of any importance include translation services in their contract, the translators are not always native born. Anyone who has studied a foreign language knows how meaningless and confusing is a literal translation. So often translators will guess at a meaning of a word or phrase from the context if they do not know what the correct meaning is.

Once in a while one meets a capable translator who fills all the requirements of this difficult work. The ideal translator should be well educated, native, with a thorough knowledge of the literature of his country. He should be also a good copy writer.

There is the old story so often repeated in the realm of foreign trade of the inept translator who was writing a letter about "rubber-top buggies," and as this type of vehicle was unknown to him he translated it into "waterproof roaches."

The seller had no way of knowing what a ridiculous mistake had been made and sent the translated letter to the prospective buyer, who must have been greatly amused or possibly angered.

There are fifty-seven different words in Spanish for the English word "head." Is it any wonder that great care should be taken to insure the correctness of translations?

Another famous joke is told about the translator who had learned the foreign language in American schools, and had happily secured a position as translator in one of the large export houses of this country. His error, too, was made because of incorrectly translating the phrase "buggy cushions" into "cushions full of bugs." There was quite a bit of harm done in this instance because the original letter was one of complaint about

the cushions and when the American seller read the translated letter he naturally thought the trouble was because there were insects in the cushions sent to the importer in the shipment in question, so wrote him accordingly. It was only when another reply came and was translated by another employee that the real trouble was known.

Most heads of firms who employ translators do so blindly, for they have no way of verifying a would-be translator's claim as to his facility and familiarity with the common and technical vocabulary and form of the language. No one in the establishment can verify his work.

A native of a country is not necessarily an expert in that country's language, just as the fact that a person is an American is not proof that he knows English thoroughly.

An example of such an error is found in the records of the William W. Bevan Company of Everett, Massachusetts. Prices were sent several salesmen in Porto Rico, Cuba and Venezuela. This concern was unfamiliar with exporting and as is usually suggested by representatives of commercial agencies, had previously greatly advanced prices. A torrent of protests came from the foreign representatives who were trying to establish markets for the paper specialties, saying that they were unable to sell any of them. In fact they

refused to try any more, knowing how futile it would be. This particular concern had advanced prices from 25% to 50%, depending on the commodity. After discussion they decided to reduce the prices and sent a notice to all their foreign salesmen, allowing discounts sufficient to bring the prices down to normal.

The majority of these agents were Spanish and the letters had been sent to the commercial agency to be translated, which in this instance was The Commercial Museum.

It was not long before orders commenced to come to the company, but for some reason the price on one of the articles offered was too low.

The discount allowed was 10% and the Bevan Company meant that it should be only 5%. Fortunately they could afford to send the order at this price by allowing the representative less commission, and as this sale was made in Caracas, Venezuela, it would have been poor business to have refused to make shipment or to have held the order up while writing to the representative.

The salesman was written, and informed the exporter that the error was due to the translated notice. It read, "10% de descuento en todas las Copitas de Hornear" meaning "10% off from small ice cream dishes." Soufflets are used for serving ice cream in that city and this discount was applicable

to baking cups, with which, evidently, the translator was not familiar. As the order was for soufflets, the foreign seller allowed, of course, the 10% discount in this case.

It is possible to check the translated letters, even though dependence is put on the translator. Occasionally send them to the local custom house, requesting verification. The clerk there will gladly have them translated free of charge. Then compare this translation with the previous one.

Complete samples

It is customary to illustrate the exporter's wares as much as expense will permit in the advertisement inserted in the foreign journals. An importer will not buy, especially if the product is a new one, unless the article is first inspected. In some types of trade this would be another difficult problem to handle; it is not in the paper specialty line. A complete assortment of all articles offered to foreign buyers will not amount to more than one dollar, and if the exporter means to sell abroad he certainly will be willing to gamble this added expense to make a sale.

Wyman asserts that "samples are tangible. The submission of samples as the best sales argument may result in orders where the most persuasive or most

forceful letter will fall flat." (1)

Experience shows that there is no way in which to build world trade more rapidly than by judicious use of samples. Often the sample is in many ways more nearly the reflection of the enterprise than even the salesman himself.

It is not advisable to send samples to all those who inquire about the advertisement. In fact, it is much better to send only an illustrated catalog with no prices to the first inquirers, because the goods offered may have no market where the importer is located. This catalog should be well illustrated, and each commodity carefully described as to size, weight, packing, quality, color, pattern, minimum order accepted, if assortments are allowed and so on. It is well to send this catalog always, even if the classification of correspondent is unknown, whether he is merchant or agent, because the omission of prices eliminates the danger of imparting information not applicable to his business.

When the exporter knows with whom he is writing and what is of interest, then the samples should go forward, carefully marked.

This is the logical procedure, if one considers. Just because an inquiry is received does not indicate

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(1) Wyman, Walter F., Export merchandising, N. Y. (McGraw-Hill Book Company Inc.) 1922 - p. 29

that a buyer is found. It only indicates that someone saw the advertisement and wants to know more about the merchandise.

In comparison to the number of orders received from corresponding inquiries, the proportion of those who buy is small. As said before, paper specialties are new and not in demand abroad, and very few agents will try to sell them. The illustrated catalog is sufficient for them and samples would do no more. In some countries it would be just as sensible to try and sell baking cups, for instance, as it would be to sell the Eskimos beach coats.

Another distinction is made between samples sent to agents and actual dealers. The agent needs complete samples and should have them, but the dealer needs only those of interest, and were the complete line sent, the cost of them, as well as added expense of sending, is only wasted and results moreover in confusion, as he would have to study them all until he knows what he wants.

How useless it would be to send samples even if complete ones, to either foreign representative or importer, if each one were not marked with clear and accurate identification marks!

Paper specialties come in various sizes, patterns, colors and packings. Prices differ accordingly and a sale based on samples incompletely or inaccurately

marked probably will result in either a loss to the exporter if he makes shipment or many delays and much correspondence, all unsatisfactory to the importer if an attempt is made to straighten out the matter before making shipment.

Give special care to the marking of all samples, even to the extent of having two or more clerks check them if there is a doubt as to their clearness.

Prices

Another important matter to consider and decide is what prices should be charged. It certainly is unwise to consider doubling or trebling domestic prices because the importer will not pay them. He does not have to, as there are competitors in every line of trade ready to undersell. There is an old saying in the business world, the origin of which is unknown, but some assert that it dates back to Egyptian trade, which says, "There is nothing in the world that cannot be made worse at lower prices."

From another standpoint there is no good reason for advanced prices if care is taken to ascertain proper credit information, as the probable factor of loss is greatly eliminated. The charges, such as forwarding, bank expense, consular and shipping expenses should be either collectible or included in the given prices, so there is no valid excuse for charging, for

instance, $3.30 a thousand for number 49 soufflets, f. o. b. Boston, all charges collect, when they are sold everywhere in this country f. o. b. shipping point for $1.75 a thousand!

Inherently, export trade is more dangerous from the financial standpoint than domestic. It is more difficult to get accurate credit reports, and the actual shipment of the order means much more detail than ordinary shipments. A shipment refused is a heavy loss at best. Even a shipment accepted against documentary draft does not necessarily mean that payment will be made when due. But how much profit is there in selling a domestic concern who has had deserved credit for years, then suddenly fails? Or where is the gain when someone in authority takes advantage of his position and drains the surplus with an unearned salary or actually embezzles and ruins the company?

Serious questions of policy are involved in establishing a relationship between the prices to be quoted to jobbers, to retailers, to so-called "importers"and to consumers. A policy must be established with regard to uniformity of prices within each class, after the relationship is known. Should variations in price be made for greater credit risk? Should prices be shaded for one and increased somewhat for another under certain conditions, even though both concerns

are engaged in the same type of business and selling to the same type of purchaser? These are a few of the problems to decide.

Domestic prices are based on (1) production costs including factory overhead; (2) selling costs; (3) administrative expenses. These three bases should be the governing factors in making prices for foreign trade.

No matter what other object the exporter has in mind, prices must be based on costs which will show a net profit, not the first month, or six months, but over a period of years. If the prices were based on such costs as initial advertising expenses, always large, and on other costs of promotion, prices would be entirely "out of line" with other competitors.

Therefore a carefully figured price list is necessary if a sale is to be realized. If the business is done through the medium of an agent, only one set of prices is needed. If, however, different types of importers are sold, such as the jobber, dealer or consumer, distinct lists must be made for each. Different types of trade should not be solicited in the same territory. It only results in conflictions and trouble for all concerned. Decide to what type of trade the line should be offered and then refer other inquiries to these importers, or else politely refuse to sell them at all.

The same question of language arises here. If the letters, catalogs and samples are in the language of the purchaser obviously the price list should be, also. This means that not only should prices be changed, but weights, measures and values as well, if the whole transaction is to be handled consistently.

Don't attempt to sell abroad if prices offered do not, in every way, cover every sample presented, in their different sizes, patterns, colors, packing or in any other way. When a representative interviews the importer he must have all possible information concerning the exporter's merchandise because on some lines, especially paper specialties, which are comparatively new, the importer will not give the agent any consideration if he finds the agent does not know correct applying prices but has to write for them.

Take care that prices offered are complete!

Agents' commissions

Payment to an agent, too, is a matter that varies greatly. The most usual way is to send him complete prices which are to be the selling prices, and on which he is to receive a 10% commission. Another method is to send a price list which will be the costs on which his commissions are to be based, and on which he is to add an amount when selling, the difference being the commission. Suggested selling prices are usually sent,

if the second method is used. A great many agents prefer this second method for two reasons: first, they are able to determine readily their commission; and second, it is well to permit them to decide their own selling prices as they are more familiar with market conditions in their territory.

After payment is received, and not until then, should the salesman receive his commission. This commission should be paid at once, as usually the agent knows when his customer has paid, and is expecting his payment. A prompt check increases his faith in his house, as he knows he can depend on them, and he in turn shows his appreciation by doing his part well.

Terms

The next important question to decide is the length of time to be granted the foreign buyer. The time given by American paper specialists varies greatly. In direct communication with some important exporters, it seems as if every company has different terms. Some ship only against sight draft, papers attached, others will make no shipment until money is previously deposited to their credit, then some allow from thirty to one hundred days for payments after sight. There are those who draw drafts without papers attached, which is very nearly on open account,

and of course those who ship on open account.

A peculiar characteristic of foreign trade is that a reliable house has no objection to receiving shipments with documents attached, which would be c. o. d. if the time element were not a factor. Were this procedure followed in the United States with the domestic trade the buyer would feel insulted and probably refuse the order.

The Kalix Cup Company offer the following information concerning the manner in which they handle shipments. They say, "All of our export business is done on the basis of letter of credit, so upon receiving an order from a foreign customer, we look up the sailing date of the steamer to his port. We then cable him advising that we will make shipment on this steamer, giving him the date and request that he open an irrevocable letter of credit covering the amount of the invoice and the ocean freight and insurance charges. When we have received notification from the bank in this country that this credit has been opened, we then proceed to manufacture the cups and deliver them to the steamer in time to have ocean bills of lading made out and the insurance and consular documents. When these have been received, we attach our invoices to these documents and present them to the bank where the letter of credit has been

established and receive our money." (1)

If only this method were used by other paper specialists, how simple the question of credit and payment would be!

Mr. Wyman has studied the subject of credit closely and gives many valuable "side lights" on the subject. According to him, "the basic idea of credit is not the amount of the loan, but the time extended on the loan. This statement is not as radical as it seems at first glance. Without some time limit or some interest charge, obviously a loan becomes a gift. At best it becomes a most indefinite asset. Only the experienced credit man takes the right angle toward the time element. The inexperienced invariably figures on the amount of time they are willing to extend. Behind this thought is the thought of their own resources and the subconscious desire to receive payment before any untoward events occur.

"The experienced credit man looks primarily at the time <u>needed</u> by the buyer. Credit, to be credit, must enable the buyer to pay his obligation from the proceeds of his sale. There can well be ignored here the entirely different type of credit which is extended to a consumer by a dealer, excepting as credit to a dealer enable him, in turn to extend credit to the consumer. Therefore, it

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(1) Kalix Cup Company, West Chelmsford, Mass., <u>letter of August 26, 1930</u> to Irene A. Porter, Everett, Mass.

can be seen from this viewpoint the length of credit rightly to be extended depends upon - -

"1. The rapidity with which goods will be sold

"2. The per cent of profit to the dealer.

"These two elements are of equal importance. Both lead to the same result in money available at a given time.

"A single example will prove this seldom-realized truth. Enrique Gonzales buys $1000 (laid down cost) in merchandise, which arrives on May first. If the lot is sold by him at a profit of 100 per cent on cost - - $2,000 - - in 2 months,he will average to have sold one-half the shipment for $1,000 on June first and can discharge his obligation in full from his proceeds. This 1 month will show him a profit of $500 on goods sold. If, on the other hand, the merchandise shows him a 50 per cent profit on cost and he sells the entire lot in 1 month, he will have $1,500 available. The profit to him in 1 month will be $500, as before, because his turn over was twice as rapid." (1)

From the foregoing it is obvious that the character of the merchandise sold determines more or less the time element. In selling paper specialties such as baking cups, eclair cases and hot liquid cups, the

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(1) Wyman, Walter F., Export merchandising, N. Y. (McGraw-Hill Book Co. Inc.) 1922 - p. 359

very nature of the product limits the time extended. Any of the paper specialties that are waxed must be used within a comparatively short period or their service is injured. The wax becomes less firm and the flutes flare, so that whatever is cooked in them does not have a desirable appearance. As for such paper products as doilies, drinking cups and other unwaxed articles, long storage destroys the texture of the paper, they become yellow and wrinkled and can no longer be sold for first-class merchandise.

This factor is considered in allowing time for payment, and while many paper specialists demand cash before shipment, the majority allow sixty days from sight of goods.

No doubt quoting prices f. o. b. the buyer's destination would be more satisfactory to the importer because then he would know exactly what the total cost of the shipment would be.

This method of quoting prices is used by exporters of long experience, but it is not advisable for the new exporter to attempt such quotations unless he has enough available data as a basis. The paper specialist is one of the types of exporters who should not attempt to quote prices other than f. o. b. shipping point.

Possibly some exporters feel that quotations c. i. f. (costs, insurance, freight) foreign ports and

collection charges etc. should be previously known before any exporting is done. True, this method is usual in exporting most merchandise, but from the fact that paper specialties are in a class by themselves and that they are generally sold f. o. b. New York, statistics are unavailable nor will competitors assist. Experience shows that the expense of procuring and indexing such information is needless because when the actual orders come, so little of the information is used. What is wanted can be had within a day's time from dependable sources.

It is wise, however, for the exporter to compile some kind of a rate book on freights, insurance and charges, as soon as possible, to be used in checking bills, if for no other reason, because no matter how reliable forwarders are, they make mistakes, and their freight bills should be carefully checked. One of the peculiarities of exporting paper goods is that only certain commodities are bought abroad, and these repeatedly by the same concerns, so this rate book is not difficult to assemble.

Whether or not the entire forwarding charges are included in the draft depends on the agreement made when the order is placed. In the paper specialty line it is customary to include in the draft all charges as billed by the forwarder as well as the face of the invoice. The forwarder collects his charges from the

shipper usually, as he does not care to rely on the importer for payment nor grant "long time" terms such as the importer expects.

This characteristic of the trade means an added risk on the part of the shippers. If the shipment is refused or not paid, the exporter loses not only the cost of the shipment and his profit but also these charges.

Order blanks, importance

Although many foreigners prefer sending their orders on their own blanks, the exporter should try and induce all of his customers to use his own blanks. The exporter should have these prepared in the foreign language of the buyers, and marked so clearly that when he receives the order there will be no chance of his making an error in filling it. The most satisfactory order blank is a standardized form, which is divided into sections, and which is exactly alike in form, whether it be in English, Spanish or any language. The advantages of such a form are many. Most important, perhaps, is the ease of reading and recording the articles listed, as the same thing will always appear in the same space. Again, shipping instructions are in evidence, and anyone with shipping experience knows how often an agent buyer will crowd such instructions in a space where very likely they will be unnoticed. On

every order blank, the important factor of references should be stressed, and to such an extent that regardless of how careless the person placing the order may be, he is bound to see the space for them. It will be worth the expense to have the word reference, if no other, printed in red.

It is quite common for a foreign buyer to use his own order blanks and copy the purchases on the exporter's and send them both. This often is a help rather than a hindrance as one is a check on the other.

Catalogs

The importance of having the letter translated into the language of the inquirer has been stressed. It is equally important that the catalog be translated.

Remember, the salesman or merchant may never have seen anything similar to your products, he has no idea what they are like or what they are used for in many cases and successful sales will result only if maximum cooperation is given by the exporter.

In having the catalog translated, not only should descriptions be given but also weights, packings and all information in the language of the importer.

If the line of least resistance is followed the usual practice is to take a catalog that has been prepared for circulation in the United States and have it translated verbatim. The theory is that the book has

proven its sales value and presumably should also be equally successful. However, closer analysis will demonstrate that while that catalog may do, or even has done, its part in those foreign markets where English is employed in commerce, it will be considered less effective when translated into another language, because the psychological appeal is now lacking.

Suppose, for example, that some Chinese exporter tries to sell us some of the Oriental products. Assume that the letter is in English and that a carefully illustrated catalog is sent also. The letter is received before the catalog and from its contents our interest is quickened, and we decide that what they describe is just what we want. Their letter is only a general description, but well written.

The catalog arrives. It is written in Chinese! The pictures are beautiful and the texture of the book itself indicates a high class house, but every word or figure given in the catalog is unknown! How many prospective customers, no matter how interested, would write to the exporter for prices and definite information? Very few, especially if their competitors had also sent their letter and catalog, both translated, to the same people.

The importance of using the Portuguese language when attempting to correspond with Brazilian buyers

should not be forgotten. The population of Brazil constitutes 1/3 of the population of South America, in fact. Brazilians are averse to being mistaken for a Spanish speaking nation and common literature printed in Spanish fails to appeal to them because to most of them it is unintelligible, for although the two languages are similar there is still so great a difference that a Spanish-speaking person cannot read Portuguese unless he has studied Portuguese grammar and a Portuguese speaking person cannot read Spanish unless he has familiarized himself with Spanish vocabulary.

Be as sure as human fallibility will permit that when you write your prospect he won't have to write again for information previously requested.

Other agreements

Almost every representative wants exclusive agency in his own country, no matter how impossible it would be for him to cover the territory. Often he refuses to consider the proposition at all unless he is granted this privilege.

One of the best reputed salesmen in South America refused to represent a New York concern unless he were accorded the entire territory of Venezuela.

In some cases such agencies are highly desirable and to be sought. For instance, the William W. Bevan

Company would not consider having more than two agents in the island of Porto Rico and only one in the city of Caracas, Venezuela.

No exclusive agency should be granted to a concern whose reliability or responsibility is questionable in even the slightest degree. It is impossible to exaggerate the importance of making a very careful investigation beforehand relative to the financial standing of a concern applying for an agency. Even when no credit risk is involved the manufacturer should guard against granting his representation, especially on an exclusive agency basis, to a firm that is in disrepute, and which would thus, indirectly, vitally affect his own business standing.

All exporters, however, do not sell through representatives, in fact a good percentage do not. The desire for so-called "greater profits" induces them to sell all buyers directly. The Lily-Tulip Cup Corporation of New York, who are the largest manufacturers of drinking cups for both hot and cold drinks in America, sell directly to either a jobber or dealer in Porto Rico. Agents there say that this method, in time, will cause their sales to decrease, especially when other firms selling the same commodities, promise to sell only selected trade where there will be no conflictions.

Sales agents in that territory claim that although the products of the Lily-Tulip Cup Corporation are equal if not superior to others offered and even though their prices are lower and deliveries faster, the reliable jobbers there prefer to pay higher prices and get slower shipments and have the assurance of restricted sales.

As previously instructed, a foreign salesman's commission should never be paid until remittance has been received by the exporter. This will induce him to sell on as short a time basis as is consistent and then only to reliable customers. If trouble occurs he has a vital interest in making an adjustment and will do all possible to induce payment of the bill.

Many concerns deplore the scarcity of reliable and efficient salesmen here in the United States. These firms know from experience that the houses that send out salesmen regularly to solicit orders, make adjustments and establish good will, are the houses who are getting the trade. If this is true at home it is true abroad, and the exporter who does business through a dependable agent is the one who has the most success over a long period of time.

It is not unusual to have a firm who once has ordered through a salesman write directly for prices. If former prices are on record they may be sent them, otherwise they should be referred to the agent in the

territory for such information. Such an inquiry should be carefully followed up by the exporter, however, until it culminates in an order.

If a firm re-orders directly from the exporter and the previous order was solicited by an agent, an acknowledgment of it should be sent the agent, and as in the case of a direct sale he should receive credit and commission as usual.

Such fairness and deserved justice will add to the good will of the house, even as prompt payment of his commission increases the salesman's confidence in his principals.

Direct Prospect - - Procedure

References

Again the important question of references appears. It has been stressed from so many angles that all it is necessary to repeat again is never ship an order to a direct customer, regardless of the amount of the order, unless all care has been taken to ascertain his desirability.

If agent in territory refer to him

Previously reasons have been given why it is best to sell paper specialties through an agent.

Assume that the direct buyer does not know that one is in his territory, if the exporter accepts the order, he should write the customer and explain that

his representative will attend to his needs in the future. The exporter need have no fear of losing the customer; he, too, will be glad to know that the house has actual representation in his territory in case any question arises, and also will be gratified to learn that the house chooses a native to handle its business, one with whom he may converse in the same tongue.

The agent too, will know that he has established relations with a firm on whom he can depend for fair dealing and that intangible asset, good will, is established.

From a mutual point of view the exporter, the customer and the agent are benefited, because any difficulties arising are more satisfactorily adjusted.

No agent there, sell direct

In some cases the advertisement inserted in the journals of the commercial agencies will not attract the attention of agents, or if it does, the undesirable agent is the one who wants the agency.

After a few months have elapsed and no agent has been engaged, it is best to consider the dealer, jobber or consumer and decide which is the logical outlet for the sale of the specialties, and quote accordingly.

Care should be taken, however, to allow sufficient margin on the prices for salesman's commission when a worthy one is found.

This is not an unusual procedure; all houses selling to jobbing trade and consumers, have a scale of prices, lower for the jobber. It is only fair to them, because if the manufacturer sold to the jobber for the same prices that he sold to the consumer, the jobber's goods would lie in his storeroom.

From the economical viewpoint a manufacturer cannot afford to allow the consumer the lower prices, because the consumer buys only small quantities. This rule also applies to foreign trade, and the careful exporter will govern his price list accordingly.

The form of the order blank used by the agent should be designed so that the direct buyer may use it also. The mark of distinction is made when orders are entered in the order book before shipment, to indicate whether they are direct or through an agent.

There is no added advantage in having a different set of order blanks for direct customers.

This fact is true of the catalogs. Care was taken originally that no prices were given in the catalog, only a full description of all commodities, and the same catalog may be sent to the direct buyer.

As in the case of the representative, the catalog, as well as all correspondence, should be in the language of the buyer, and the same dangers due to poor translations must be guarded against in direct selling.

Samples

It is unusual for the direct buyer to be interested in all paper specialties. Sometimes only one commodity is what he wants to buy, and for this reason, if not for economy's sake, only samples of such articles should be sent to him, all carefully marked and identified.

Remember that "when a foreign merchant buys a new article from the United States it is not as John Smith & Co's manufacture that he knows it, or calls it. It is the new 'American' this or that. Woe then to the American name if the goods are not like sample, or equal to advertised description, or disappointing in any way! It is not John Smith that is cursed - - it is 'those rotten American goods.'" (1)

Terms

The first rule applying is that the terms must be closely understood, first, as to length of time allowed before payment. Second, as to manner of payment, whether draft with all documents attached and delivered only upon acceptance; whether without documents attached and a draft acceptable through the bank; whether on open account; or money in advance. Third, what forwarding charges the importer may expect to pay,

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(1) Hough, B. Olney, Practical exporting, N. Y. (The Johnston Export Publishing Co.) seventh edition - 1921 - p. 5

or to be more explicit, whether the shipment is made f. o. b. exporter's warehouse, port of shipment or importer's destination. Further, the payment of other costs, such as translations, invoicing, fees, customs declarations, insurance etc., must be understood.

Once these points are clear and agreed upon, considerable future trouble is averted.

Conclusions

Paper specialties are sold to importers, either through a foreign agent, or directly. It is advisable to sell through an agent when possible, but if sold directly, to allow sufficient margin in prices to give a salesman commission when a suitable one is engaged later.

The first important step to bear in mind is to get references, first on the agent and second on his customers, and as many as possible.

If for no other reason than common courtesy, always correspond in the language spoken by the agent or buyer, even to the extent of having catalogs translated and identification marks on samples written in his tongue.

Do all possible to make letters clear, answer all questions exactly as asked and ship orders only when all prices, quantities and terms are completely understood

and agreed.

If these suggestions are followed, foreign trade will bring no more losses to the exporter, perhaps not as many, as will domestic sales.

Let every letter, every catalog, price list and order knit more closely the tie between exporter and importer. Actual friendships may be developed in this field, that bring much real happiness to both concerns, no matter how far from each other they may be.

CHAPTER V

THE ORDER

Forwarders--Importance--Description of services--Without forwarders--Difficulties-Department of Commerce--Shipping when forwarder is used--Packing--Marking of cartons--Delivery to forwarders--Conclusions

Forwarders

Importance

The exporting manufacturer has at his disposal the services of the foreign forwarding agents. Through them he may be relieved of almost every detail connected with the shipping of his export goods.

It is not difficult to find the forwarding concern who will take all the responsibilities of shipping the orders for a small charge. As it is usual to include his bill in the amount of the importer's bill, there is no reason why an exporter should attempt to do without his services.

A list of forwarders is available from the commercial agency who is handling the advertising for the exporter. These agencies have a list of desirable forwarders in all cities; the next likely place to apply is the Department of Commerce in the nearest

city to the shipper who, too, knows all the forwarders worthy of consideration; the last place recommended is to choose one from the business directories and guide books. Extreme care should be exercised, however they are chosen, to make sure that the one under consideration has facilities for giving the best and most careful services procurable.

There are thousands of forwarders all over the country who have only local offices, and they in turn engage the services of similar companies in other cities, and in destined ports where shipment is to be made. This means added expense, due to repeating instructions from one to the other, and of course added delays in shipping.

From the viewpoint of the importer, engaging the services of a forwarder are to his advantage, too. It is usual for him to instruct the exporter to send his shipment through a forwarder and in no other way. True, the forwarder charges for this service, but the consignee is willing to pay because he knows the shipment will arrive with all the necessary papers and consular invoices correctly made out, and that he will be able to get the shipment through the customs sooner than if there are the numerous errors made, such as an exporter inadvertently makes when he handles the shipping himself.

Description of services

The charge made for handling the shipment is comparatively small, ranging from $2.50 a shipment to larger amounts, varying with the value of the goods. The average cost for forwarding anything in the paper specialty line is $2.50 because the cost of the goods to the importer seldom warrants any greater charge. In addition to this charge, in most countries outside of Porto Rico and English speaking nations there is also an additional charge for translation of consular invoices, which is also small.

Before shipment is made, the forwarder is consulted and instructs the shipper where to have the merchandise delivered. Before shipments go forward, the office should send all instructions to the forwarders concerning payment, bank on which draft is to be drawn, amount, time, cubic feet of cartons, as well as number of them, also their markings and consecutive numbers, and any other special instructions that pertain to the shipment.

Once the goods arrive in the hands of the forwarders then as far as that particular order is concerned all the exporter has to do is to record the shipment on his books and await payment , if the transaction had the proper "background." References and shipment as agreed are the proper "background."

The actual receiving of the money may be done in

various ways. It is customary, however, for the forwarders to present draft through their bank for collection, and for this bank to forward payment to the bank of shipper for the credit of his account. These details are not important, however. It is just as satisfactory for the bank with which the draft was placed for collection to send their check direct to the exporter, who will in turn deposit it with his bank for credit.

Besides caring for the actual shipments and papers, a reliable forwarder will send his customers reports on foreign market conditions and often warn them when such trade would not be beneficial.

It is usual for foreign visitors to consult these companies when seeking information as to desirable firms with whom to enter negotiations. It is very common for the foreign office to give a letter of recommendation to the buyer who is coming to this country and to suggest that he call on his clients here, who carry the line that interests him.

Further, if shipments are refused at destination the forwarder will do all possible to persuade the consignee to accept the papers and shipment through its local office at destination.

These added services are free of charge and graciously given. Only the reliable forwarder, however, has facilities for serving his trade in this efficient

manner.

Without Forwarders

Difficulties

It is almost impossible to fully describe the confusion and chaos resulting when an inexperienced exporter decides to ship to foreign lands without using the services of a forwarder.

He undoubtedly has no real knowledge of custom's rules governing such shipments, whether or not commercial invoices must be translated, or how many are needed; if they must be certified or not, or need be presented to the local customs house; how weights are declared or figured; whether or not order bills of lading are permissible; in fact he knows nothing at all about exporting rules because he has had no experience.

For instance, the rules and regulations governing shipment to Latin America as published by the United States Department of Commerce, Trade Promotion Series, Number 65, cover one hundred and six pages of finely typed instructions, single spaced.

Few countries have similar postal and freight regulations. Some countries, such as Cuba, require almost incomprehensible regulations. Among other rules, consular invoices must be presented in sextuplicate for certification at the Cuban Consulate, and the text of

the invoice must be written in the Spanish language although the translation in the language of the country in which the invoice is made can be interlined.

If an exporter intends to ship all goods on order bills of lading, he will find that in some lands this is not permissible. In Venezuela not only are "to order" shipments no protection to the shipper, but they are also unlawful and subject to a penalty.

If shipments are to be made over long distances, the transportation companies will not accept the goods unless they are boxed or heavily crated. This is an important factor to consider when shipping paper goods, which are easily crushed and need protection, yet in lands where the duty is based on gross weights such as in most of the South American countries, this is an added expense to the importer and a very important factor in determining whether or not he shall import certain commodities. This manner of figuring duties is a special detriment to one exporting paper specialties because their actual value is small and even small increases in their cost take away the profit of the importer.

For shipments destined to Brazil the consular invoices must be made out in English or Portuguese. Many of the larger exporters have Spanish translators in

their employ but the Brazilian considers it an insult to be written to in Spanish. Therefore it is better to have the consular invoices written in English, even though they are subject to official translation for which a fee is chargeable, than to send them in Spanish if no Portuguese translator is available.

On the front of these invoices space should be allowed for the following:

Numbering of invoices, declarations, name and nationality of steamer, approximate sailing date of steamer or vessel, port of shipment of the goods, port of destination of the merchandise, total value of the invoice inclusive of approximate freight and charges in U. S. currency, approximate freight and shipping charges in U. S. currency, currency of the country from whence the goods are exported Gold Dollar.

On the back of the invoice it is necessary to list:

Marks and numbers, quantity, description, specification of goods, weights in kilograms, net of the articles, other units of the tariff, value in Pounds Sterling of each article, country of origin, country of purchase.

Consular invoices may be made out "to order", but endorsement is not necessary.

Thus it is evident that much more than the

average attention should be given to shipping to foreign lands.

Department of Commerce - Custom Houses

True, the clerks and agents of the local custom house will do all they can to assist, but their services are of necessity limited. They cannot spend their whole time, or even any length of time with each individual exporter, and such service is needed if an export shipment is to be routined properly.

In the first place, why dispense with the services of forwarders, when importers will willingly pay their charges to be assured of correct shipping? And a shipment with papers not properly executed will be more than an inconvenience to either the shipper or consignee, usually to the shipper. There will be costs for most errors made and sometimes the charges amount to several dollars.

The officers of a custom house are compelled to insist on shipping into their territory according to government regulations, and when this is not done, days, often weeks, elapse before the shipper is able to correct the error and have the shipment delivered. In the meantime the foreign agent has every ethical right to refuse the shipment, then more losses occur.

Shipping when Forwarder's Services are Engaged

Packing

To again quote Mr. Wyman, "Packing is often a stumbling-block for exporters. Yet it would be absurd to think that a capable factory superintendent and a capable traffic manager would be incapable of handling any order if they knew in advance the conditions to be met. The export man can secure from sources of export information exactly the difficulties of any journey on which his goods can be sent, and books written by experts on export packing which will show every detail down to the weight and type of nails to be used and where they should be driven." (1)

The new exporter should not be discouraged by the packing and shipping rules, however, because there are always reliable forwarding companies available ready to take the responsibility of all the details of this trade.

In fact, rather than take the hazards of refused shipments, destroyed merchandise or the other numerous causes of expenses, the engaging of the services of a reliable forwarder is recommended. An inexperienced exporter should not attempt to instruct the billing clerk or shipper in any way until the advice of the forwarder has been received concerning each shipment.

In general the method of packing depends on where the shipment is going and of what it consists.

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(1) Wyman, Walter F., Export merchandising, N. Y. (McGraw-Hill Book Company Inc.) 1922 - p. 60

The sure way to avoid unnecessary mistakes is to consult the forwarder the moment the order is scheduled for shipment, which is not until it is properly recorded, with necessary references. The reliable forwarder will at once give minute instructions, even to the extent of naming when the boat will go forward.

Marking on cartons

The careful forwarder will not accept a shipment that does not have the consignee's name and destination stencilled on the cartons or cases, the gross, net and tare weight of each carton stencilled, as well as its number, in consecutive rotation and exact capacity, usually in cubic feet. This exact information enables the forwarder to insert all the required information in the bill of lading, which he will attend to as part of his services.

Delivery to forwarders

After all shipping data is given to the engaged forwarder, together with other instructions and invoices, the next step, a simple one, is the actual delivery of the shipment to the warehouse of the forwarding company for his care, and at once the exporter is relieved of further care of the shipment if he has a reliable forwarding agent.

Conclusions

Actual shipment of the goods after the order is received and accepted is simple, if a reliable forwarder has been engaged.

All that is necessary is to follow his instructions minutely when packing and marking the cartons and cases, and then submitting the regular invoices to him, who will then attend to any others that are needed.

Once the shipment has been actually delivered to the forwarder, most of the difficulty is over, providing of course the shipment is accepted at destination and paid.

Even if there is further trouble, the forwarder usually attends to it, unless it is beyond his jurisdiction. In any event he is ready to advise the exporter as long as he needs assistance, and often is able to adjust the difficulty, whatever its nature.

Choosing a reliable forwarder is one of the most important duties the inexperienced exporter has to fulfill before he attempts any shipping.

CHAPTER VI

PAYMENT OF COMMISSIONS

Payment--According to agreement--Usually slight delays--Commissions sent--Slow accounts--Attempt to collect amicably first--"Bad" accounts serious problem--U. S. laws not in effect--Large accounts-Small accounts--Avoid when order is placed--Conclusions

Payment

According to agreement

If satisfactory references were received, and shipment of merchandise was made exactly as specified, both as to the actual goods sent and in accordance with terms, there is no difficulty about payment.

The exporter must not let himself believe that everyone, outside the United States, is a "crook." Statistics show that the percentage of loss due to unpaid foreign shipments is actually less than that due to unpaid domestic bills.

It is only logical that when an importer places an order for our goods, giving references and specific instructions, he does so in good faith and intends to pay the invoice when it is due.

Further, paper specialties are seldom shipped

on open account. As mentioned before, the Kalix Cup Company ship their ice cream cups after an irrevocable letter of credit has been opened. Other companies ship such specialties on an order bill of lading with draft attached. These methods are reasonably safe because the importer must go to the bank where the papers are deposited for collection and accept the draft before he is given possession of the bill of lading.

After an importer has gone to the extent of accepting a draft, usually at his local bank, it is very uncommon for him to refuse payment when it is due.

The bank records such refusals and reports concerning the non-payment of the draft are usually sent to all its branches, as well as to credit bureaus, and the importer may damage his credit to such an extent that he will be unable to purchase foreign goods in the future.

Even if a shipment is made on an open bill of lading with the draft following, it is seldom that payment is not met when due. In this case the exporter accepts the draft in writing and is in the same technical position as he is if the goods are sent on an order bill of lading. For this reason, too, he will not refuse payment.

There is a greater danger in payment not being

made when the transaction is on open account, but if proper references were obtained before shipment an unpaid bill is the exception, not the rule.

When payment of merchandise to the exporter is made in accordance with agreement the problem of payment of commissions is simple. Previously the amount due the agent has been arranged, and all that remains to be done after recording payment from the importer is to send the agent his commission at once. Prompt payment is essential, as in most cases the salesman knows when his customer has paid and is expecting his remuneration.

Usually slight delays

Actual transactions show that the Boston exporter should not expect payment of the foreign account until about ten days have expired after the draft became due, on shipments to Cuba and Porto Rico and about a month on shipments to Central and South America.

This delay is due to transmittals of the amount by letter from branch to main banks, next from main banks to their correspondents and finally to the local bank specified by the exporter.

Commissions sent

Commissions to the salesman should never be paid until the exporter receives his payment. A few of the important reasons are:

Possibly payment will never be received, and if the commission has been sent to the salesman it is only an additional loss; if payment is not met and the exporter informs the agent accordingly, it is to the agent's advantage to do all he possibly can to have the amount paid, knowing that an unpaid draft means he too will lose.

Always retain the agent's interest in his sale and keep him notified about everything concerning it.

Slow Accounts

Attempt to collect amicably first

Another unfortunate attitude taken by the American exporter is the immediate assumption that the importer will never pay if remittance is not received just when he expects it.

Some of the more impatient exporters instigate legal proceedings at once or else send letters to the importer that are anything but pleasant.

Any successful exporter, whether in selling paper specialties or other commodities, will emphasize the importance of cautiously handling slow accounts if payment is ever expected.

Don't forget the numerous slow accounts on almost every concern's books resulting from domestic shipments! They are often months overdue, yet the

credit manager did not consider instigating suit or taking other legal action when the account was a few days old. Use the same consideration for the foreign buyer! Nine times out of ten he has every intention of paying but is prevented by the same causes that delayed his domestic brother.

B. O. Hough, who has spent years of study on the subject of slow and uncollectible accounts says, "An attempt to adjust a foreign account by correspondence from the home office in the United States is an affair of great delicacy. No end of tact and diplomacy is absolutely essential. In the first place it must be remembered that the seller's rights and obligations are governed by the laws of the foreign country where the goods have been sold. American laws and customs do not count." (1)

Some of the usual ways of inducing payment are through the services of the agent, who, too, has a financial interest,as the payment of his commission depends on payment of the sale.

Again the forwarder offers services in this respect. A large forwarding house usually has branch offices in the foreigner's district, and even if they are unable to personally collect the amount due, at least they can get a true perspective on the situation

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(1) Hough, B. Olney, Practical exporting, N. Y. (The Johnston Export Publishing Co.) seventh edition - 1921 - p. 514

and find out the general trouble.

It is good judgment to offer inducements such as additional discount or a fair allowance if during the time the sale was made and when payment was due there has been a decline in prices, or if the exporter has reason to believe the shipment was not satisfactory in every way.

Extreme caution should be exercised in making such allowances, however, as there is always the danger of making a precedent of such credits, and some buyers might take advantage of them and make unfair claims.

Do everything possible to induce payment without any trouble to the agent, the importer or to the exporter.

"Bad Accounts - - Serious Problem

U. S. laws not in effect

The first lesson that the new exporter has to learn when he tries to collect an account is that our laws concerning debts have no legal status in foreign countries. When shipment is made to other lands the laws of those lands are the rules by which the exporter must abide. Even in Porto Rico collecting a "bad" account is difficult.

Large accounts

The most logical source of help is the local bureau

of the Department of Commerce. The officer there will recommend the name of the proper official in the law division in Washington, who is C. J. Junkin, Chief of the Commercial Law Department. He refers the claim to the field representative located in the buyer's city or district.

This representative will attempt to collect the amount amicably. For this reason, however, some concerns do not use their services, believing that the representative, in his attempt to make diplomatic collections, will allow so much time to elapse that payment cannot be forced legally, should it become necessary.

Even if the services of the Commercial Law Department are not desired, it is advisable to consult them for general information.

Any of the commercial agencies worthy of consideration will try to collect such accounts for their subscribers, free of charge, as this is part of their service. They have correspondents in all the large foreign cities of the world who are capable of handling such matters.

"The American Chambers of Commerce and special arbitration bodies are being organized, and some of them are in operation, for the purpose of assuring both parties to an export transaction that a commercial

dispute will be handled impartially." (1)

Then, of course, there is the regular attorney to whom to appeal. He may be either a local or foreign lawyer, and if experienced will understand how to collect the account if it is possible.

Again reference is made to an assertion of Mr. Hough's concerning foreign litigation. He maintains, "In general American exporters will be well advised in shunning foreign litigation as they would the plague, because of its expense, the time and annoyance involved and the disadvantage under which they must labor because absent from the scene of action. Only when an amicable adjustment is unattainable and at the same time the claim itself is more than usually important is it advisable as a last desperate recourse to resort to litigation." (2)

Small accounts

From the foregoing, it is obvious that if an account is small in amount the most profitable procedure is to abandon it and consider the loss as the price of experience. Nothing is gained by adding expenses to losses already incurred.

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(1) Tosdal, Harry R., Problems in export sales management, N. Y. (A. W. Shaw Co.) 1922 - p. 460

(2) Hough, B. Olney, Practical exporting, N. Y. (The Johnston Export Publishing Co.) seventh edition - 1921 - p. 520

Avoid when order is placed

This is not impossible. Any exporter who is successful and who understands foreign credits and handling orders will agree that if references are obtained from the customers themselves, from the agent securing the orders, from the credit agencies and bureaus, including the Intelligence Division of the Department of Commerce at Washington, the percentage of loss due to uncollectible accounts is not worthy of consideration and need never be a stumbling block to the exporter.

Conclusions

One of the first agreements that the exporter should make with the agent is that commissions on sales will not be paid until the exporter's invoice has been paid in full.

Selling importers who are not deserving of credit does happen, but if care is taken such accounts are exceptions and need have no detrimental effect on exporting trade.

Should they occur, however, all reasonable attempts should be made to collect such accounts amicably, but if impossible, they should be abandoned if small, if large litigation should be used only when other collection methods fail.

CHAPTER VII

COMMERCIAL AGENCIES

American Exporter--General services and special features--Circulation statement--Personal interviews--"Annual Review Number"--American Exporter assists established exporter--American Exporter assists inexperienced exporter--Trade tours--Credit service--Translations--Advertising rates of American Exporter--Commercial America--Description of museum--Foreign Trade Bureau--Publications--The library--The museum department--Commercial Museum and the manufacturer--Services--Advertising plus service--Register of American manufacturers--Foreign credit reports--Translation services--Permanent exhibitions--List of selected foreign buyers--Sales representatives abroad--Library of International commerce--Advertising rates of the Commercial Museum--Dun's International Review--General features--Service department--Circulation statement--Advertising rates of Dun's International Review--Exporters and Importers journal--Offices--Export and import merchants--Other services--Their fee based on sales--Circulation of journal--Advertising rates of Exporters and Importers journal--General remarks

American Exporter

General services and special features

Gratifying results are more often realized by the inexperienced exporter if he engages the services of a reliable commercial agency to assist in the de-

velopment of his sales.

He decides on the advertising agency that he believes will best offer and create sales and which has the most in the way of accurate translations, credit reports and other dependable services.

No claim is made as to the superiority of any one of the commercial agencies described. Their services, terms and advertising data given here are accurately stated from advertising material sent out from their respective offices and from information given during interviews with the salesmen, and it is the privilege of the prospective exporter to choose the one he desires.

As the "American Exporter" claims to dominate the field, their offerings and services are considered first.

The New York office of the "American Exporter" is located at 370 Seventh Avenue, New York City. The publishers of this journal are the Johnston Export Publishing Company, and their New England office is at 53 State Street, Boston, Massachusetts, under the management of Ralph Mead Bates. Their export paper is published in four languages, the English "American Exporter", the Spanish "El Exportador Americano", the French "L'Exportateur Americain" and the Portuguese "O Exportador Americano." In all there are thirty-six yearly editions, twelve English, six French,

twelve Spanish, six Portuguese.

The English and Spanish editions are published every month, and also either French or Portuguese, making three editions monthly. The publishers of these magazines lay great stress on the fact that they publish a Portuguese edition, which is most important to exporters who desire to trade with Brazil.

With the exception of Brazil and the Guianas all the inhabitants of South America speak Spanish. A Brazilian considers it an insult to be addressed in Spanish, Portuguese being his language. The Brazilians in general can speak some English and much prefer it to Spanish, but to do business with them efficiently and pleasantly, the Portuguese tongue should be used.

According to advertising material that the "American Exporter" sends out to a prospective advertiser, they offer complete distribution of sales messages in all overseas markets, through the English, Spanish, Portuguese and French editions; ready acceptance and buying confidence built up by more than a half century of service to international trade; expert advice and guidance on all export problems along the lines of successful exporting; assistance in effecting distributor connections by publishing reference to exporters' lines in its "Distributors Wanted" reading pages, through the "Confidential Weekly Bulletin" of

trade leads and through "Merchandising Counsel"; credit reports, translations, mailing lists, copy writing service and other features.

This journal is an outstanding medium to carry sales messages to the 129 overseas markets, together with a thorough and practical foreign trade service that adds a powerful plus value to a campaign.

Now in its fifty-third year, the "American Exporter" has been instrumental in helping the majority of successful exporting manufacturers become established in the field abroad. Therefore, it offers a wealth of experience and knowledge upon which to draw.

There must be a reason why advertisers in the "American Exporter" average 15% exports to total sales! Why one hundred and eighty American manufacturers have used it continuously for from five to fifty-two years! Why the "American Exporter" has grown 76% in advertising volume in five years!

Circulation statement

A sworn statement of circulation by Franklin Johnston, publisher of the "American Exporter" is as follows:

	Average Circulation for Year 1929
English Edition- AMERICAN EXPORTER Published Every Month	15,125
Spanish Edition- EL EXPORTADOR AMERICANO Published Every Month	15,129
French Edition- L'EXPORTATEUR AMERICAIN Published Every Other Month	9,117
Portuguese Edition- O EXPORTADOR AMERICANO Published Every Other Month	6,125
TOTAL FOR FOUR EDITIONS	45,496

Personal Interviews

In addition to the usual advertising that the "Exporter" sends to their prospects, they will also call on exporters and give added information concerning their offerings. In a direct letter to the William W. Bevan Company, of Everett, Mass., advertisers in "Commercial America", they say:

"Without desiring to be unethical in the matter, Commercial America confines its circulation to the English and Spanish markets only whereas with the AMERICAN EXPORTER you contact all of the 129 markets abroad, English, Spanish, French and Portuguese.

"Also the larger organization of the AMERICAN EXPORTER consisting of 90 employees in different departments are able to place before you very productive leads not only in weekly bulletins but in

telegraphic and letter advices.

"Incidentally in the 'Orders Received Sheet' from New York this morning, I notice the Individual Drinking Cup Company of Easton, Pennsylvania renewed their contract and gave us a special increased advertising for the January Annual Buyers Directory number. I mention this to you, Mr. Porter, because to my way of thinking there is no better proof than when an advertiser renews and increases his space, that the results have been highly satisfactory." (1)

"Annual Review Number"

In addition to the usual offerings of the monthly journals, published by the Johnston Publishing Company, the first number each year, called their "Annual Review Number", has extra advertising features and information which is published at no other time during the year.

In January, 1931, the 53d annual number of the "American Exporter" presents to the buyers in the markets of foreign lands, reviews of American manufacturing by industries, presenting important facts and figures that will act as a guide in buying during 1931.

This particular number is heralded overseas

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(1) Letter from the Boston office of the "American Exporter" to the William W. Bevan Co., Everett, Mass., July 25, 1930

nearly six months in advance of its publication, which enables the advertiser to capitalize on greatly increased circulation, with no advance in advertising rates.

Also there is a section in this January issue, called the "Buyers' Guide" which attaches a permanent retaining value to it, as a reference number.

Further the publishers permit the advertisers to use two-color advertising at special rates but little above those charged for one color usually. This permits the advertiser to make the advertisement more appealing, with a proportionately larger number of replies and sales.

And last, because of its importance in the foreign market, its influence all over the world will affect the buyer's opinion in making purchases from America.

From the foregoing, it certainly seems that it would be to the advantage of any exporter who uses the trade journals to advertise in the annual number of the "American Exporter", if at no other time during the year.

"American Exporter" assists established exporter

The "American Exporter" not only assists the new manufacturer who is just entering the exporting field, but also the established exporter.

It assists the established exporter as follows:

It keeps his name and product constantly and continuously before the key buyers abroad. Direct sales contact being infinitely less, export orders are even more dependent on printers' ink than are domestic.

It is a continuous reminder to agents, distributors and merchants abroad, who are the all-important links in an export sales chain and who carry a wide range of products. Cases of valuable connections abroad that actually represent from sixty to one hundred American manufacturers are frequent.

It is read also by agents' customers.

It automatically helps keep a prospect list up to date. Through the vast correspondence of the "American Exporter" and its interlocking departments, its mailing lists are changing daily. The advertiser receives the benefit of these changes through the leads, business tips and list formulated for his use.

It has great institutional value. The leading business men of one hundred and twenty-nine overseas markets are visiting the United States by proxy through its reading and advertising pages. The subscriber's name and product flashes before them when their mind is in the most receptive mood.

There is always some open territory. No manufacturer has 100% export distribution. The advertising plus their "Confidential Trade Service" is constantly

helping to fill up the gaps.

"American Exporter" assists inexperienced exporter

To the manufacturer first entering export fields the "American Exporter" assists as follows:

It gives merchandising counsel, as new exporters are offered the services of their Merchandise Counsel to help them fix export policies, prices, discounts, terms, prepare sales letters, export literature, suggest packing etc. Not only can an initial system be laid down for export work, but as each problem arises their department is at the advertiser's disposal to show him what standard, time-tested policies may apply to it.

The all important factor in export sales is the selection of the best type of agents or distributors abroad. The "American Exporter" assists in effecting valuable distributor connections by preparing lists of houses in any market that should be logical connections; also by publishing reference to subscribers' lines in "Distributors Wanted." In addition, it suggests agents, furnishes credit reports on them and gives the benefit of many years' knowledge of their status, also advises as to allotment of territories.

The publication gives complete coverage, not only of agents and distributors but of the customers

to whom they sell. The appearance of a copy automatically introduces the exporter to all overseas markets simultaneously and under the most effective auspices. For the trade abroad has been reading the "American Exporter" for fifty-two years to keep in touch with new offerings.

The publishers of the journals believe that advertisements in each of the four publications are necessary for maximum foreign sales. On the other hand, they consider other translations unnecessary. This is not hard to believe, considering that the English edition reaches Australia and all British colonies as well as the Far East, South Africa and parts of Europe; the Portuguese edition goes to Brazil as well as Portugal; the Spanish journal to Spain, Porto Rico and Latin America; and the French magazine to France, Italy, Belgium, Greece, all Mediterranean countries, French colonies, as well as to Soviet Russia.

Trade tours

Another unusual offering included in the services of the "American Exporter" is the booklets sent to advertisers minutely describing tours and studies made abroad by members of its staff. This booklet gives accurate and first hand information of conditions in foreign lands. On the other hand

the chosen member of the staff meets and renews acquaintance with its readers, gets close to the merchant's problems and studies his attitude toward American products, and then in turn passes this knowledge on to the subscriber.

The 1930 trade tour was made by Franklin Johnston and covered the West Indies and Mexico. Exports to Mexico in 1929 totalled $130,000,000. It is our seventh largest market and second largest Latin American market.

Credit service

The credit service presented the exporters is access to the files containing over 90,000 reports on foreign buyers. This service is also included in the monthly charge for advertising.

Translations

The translation service is carefully handled by a group of skilled translators who know how to interpret correspondence and sales literature accurately as well as effectively.

Some of the staff have been employed by the Johnston Publishing Company for over ten years and evidently they have faithfully translated all written matter to the satisfaction of the advertiser.

No matter how simple the work is, it is checked by a revisor before being delivered.

If translations are required of more than twenty-five words for each dollar of advertising, a charge of fifty cents a hundred words is made. This applies to correspondence; catalogs, booklets or other special work is charged according to the character of the work.

Advertising rates of "American Exporter"

Run of Paper Continuously by the Year

PUBLISHED IN FOUR EDITIONS
ENGLISH, SPANISH, FRENCH AND PORTUGUESE

36 editions a year
12 English, 6 French, 12 Spanish, and 6 Portuguese

Full Page	every	issue	for	one	year,	$350	per	month
1/2 Page	"	"	"	"	"	204	"	"
1/3 Page	"	"	"	"	"	153	"	"
1/4 Page	"	"	"	"	"	120	"	"
1/6 Page	"	"	"	"	"	87	"	"
1/8 Page	"	"	"	"	"	69	"	"
1/12 Page	"	"	"	"	"	53	"	"
Double Page or inserts *2 pages						700	"	"
(Pro rate for larger space)								

For advertisements run six to eleven months, the rate is 15% additional. If run one to five months inclusive, 25% additional.

*Prices quoted for INSERTS do not include supplying inserts. Inserts printed on heavier than 25x38 - 100 lb. paper are subject to additional charge. Quotations on application.

SPECIAL LOCATIONS
Sold Only for All Editions and
Non-Cancellable
Back cover, $600 monthly.
Inside front cover, $475.
Inside back cover, $450.
Page three, $385
First page, Any Section,
$385 monthly.

Commercial America

Description of Museum

The Commercial Museum, located at 34th Street below Spruce, in Philadelphia, Pennsylvania, was organized in 1894 for the purpose of extending the foreign trade of the United States.

It is a public institution, developed and controlled by a Board of Trustees, created by the City Council and responsible to the Mayor of Philadelphia.

It occupies three buildings with a floor space of 200,000 square feet, and borders the banks of the beautiful Schuylkill River.

The institution is supported by appropriations from the City of Philadelphia and from the State of Pennsylvania, in addition to fees charged the manufacturers of the countries who make use of its services.

The object of the Museum is to disseminate a wider knowledge and appreciation of the customs and conditions of other nations and peoples, and to promote the commerce of the United States with foreign countries.

There are three principal administrative divisions, the Foreign Trade Bureau, the Commercial Library and the Museum Department.

Foreign Trade Bureau

The Trade Bureau devotes its entire staff to the development of the international commerce of the United States. This is accomplished by assisting properly equipped exporters to extend their market to other lands through a very practical inauguration, and then development of such trade. Its files contain information of the most technical character, as well as on the elementary features of export trade.

Daily increasing numbers of inquiries are received from foreign firms, asking for the addresses of manufacturers of particular lines. Such requests are answered without any charge.

Publications

The publications, "Commercial America" in English, "America Comercial" in Spanish, are circulated abroad with the purpose of inviting the attention of foreign merchants to our products. The other publication, "The Weekly Export Bulletin", is circulated among American manufacturers, exporters, bankers and shipping companies with the purpose of informing them of the wants of foreign importers and to post them on commercial and trade opportunities in other lands. "American Manufacturers Registered for Export" is another publication issued by this Bureau, containing a carefully compiled index of articles, as well as the names of the exporters who make them.

The library

This library is one of the most complete of its kind in the world. On file are the official commercial statistics and similar documents of nearly all foreign countries, the consular reports of all countries that publish them, books on general commercial topics, directories of foreign cities and industries and a large number of the best trade journals published throughout the world.

The library is of great assistance to the manufacturer and the business man, as well as to the staff of the institution.

The Museum Department

This department has charge of the educational and strictly museum work of the institution, a work which it does through exhibits, miniature museums and lectures.

The exhibits in the main buildings cover the commercial materials of the world, the imports and exports, and manners and customs of the foreign countries.

The chief object of these exhibits is to portray vividly the products and peoples of other lands.

This institution has distributed among the schools of the State of Pennsylvania over five thousand miniature museums, comprising commercial products, photographs, magazines etc. There has been

developed also a system of daily illustrated lectures to schools, delivered in the lecture hall of the institution by staff members. In addition, free illustrated public lectures are held weekly during a large part of the year.

Commercial Museum and the manufacturers

The Commercial Museum helps the manufacturer to obtain export orders by (1) listing in directory the names of American manufacturers desiring to export, (2) advertising and publicity and (3) reporting weekly in full to subscribers through the "Weekly Export Bulletin" all inquiries coming to the museum.

Services

In general the services rendered are as follows: Credit information furnished to subscribers consisting of more than 350,000 foreign credit reports; permanent exhibition of manufactured American goods for export; translation of letters, circulars and catalogs from and into all languages.

Particular attention is given to individuals desiring foreign sales representations and lists of selected buyers especially compiled to fit specific requirements are furnished, as well as tariffs, consular regulations, statistical information, shipping data, market surveys, patent and trade mark laws etc.

Advertising plus service

Progressive manufacturers realize the necessity of advertising in export trade, and its value in creating good will. Advertising in a reputable trade paper produces many leads, inspires confidence and is evidence of sincerity and stability.

However meritorious advertising may be, it will not of itself develop a sound and lasting export business. The manufacturer seeking such business needs more than advertising.

The various services of the Foreign Trade Bureau of The Commercial Museum have been developed over a period of many years to fill the specific needs of exporters. They constitute an invaluable aid to any export department.

The Foreign Trade Bureau, although part of a public institution of world-wide fame, is operated on a self-supporting but non-profit-making basis. This explains, first, why any charge for service is made, and second, why the rates are so reasonable.

Register of American manufacturers

The Commercial Museum constantly had so many requests from foreign importers asking for the names of makers of practically every line of manufacture in the United States, that it became necessary to

make up a register.

More than five thousand commodities are listed in the register, and are so arranged that the name of the manufacturer of any desired article can be found at a glance.

Forty thousand copies of this register are sent free to importing firms abroad who are listed and rated in the files of The Commercial Museum.

This list is also on file in all American consulates, chambers of commerce and in many other business organizations in foreign countries.

It is edited in both the English and Spanish language; all advertisers in "Commercial America" receive free listing.

Foreign credit reports

There are more than 350,000 reports on business houses on file. These cover firms throughout the world. New and revised reports covering the changed status of firms are received daily.

These reports are built up from information sent by paid correspondents abroad in the employ of The Commercial Museum, from business references and ledger experiences given by American concerns, bankers' reports, statements from concerns which they themselves submit and so on.

Advertisers are entitled to one credit report

free for every $12.00 that they spend in advertising in "Commercial America."

Translation service

The Bureau is staffed by a corps of native experts thoroughly familiar with commercial trade, its technical terms and usages. This insures accuracy in translations as well as proper expression in the various languages. The work of each translator is checked by a second linguist of equal experience.

In order to save future time, the firm desiring translation should send their letterheads to the translator with a stamped envelope, and the letter will be sent directly to the foreign concerns from the office of the Museum, and the copy will be sent to the exporter if requested.

Each advertiser is entitled to free translation of thirty words of business correspondence for every dollar spent in advertising. This applies to correspondence from or into French, Spanish, Portuguese, German, Italian, Danish, Norwegian, Swedish and Dutch. Translation in excess of this quota is at the rate of twenty-five cents per one hundred words from the above languages into English, and thirty-five cents per one hundred words from English into those languages.

Translations of correspondence from or into other languages are made at slightly higher rates.

Circulars, catalogs, price lists and such work are translated at special rates, depending on the complicity of the work required.

Permanent exhibitions

During 1930 business men from fifty countries visited The Commercial Museum to view the many products on display and to get in touch with their manufacturers.

Many overseas visitors are unable to visit the manufacturer, due to lack of time, and the central location of the Museum makes it convenient for the visitor.

Small products are displayed in standard cases 40 x 40 x 20 inches. The front of the case is removable, so that the product may be inspected more closely if desired. Larger products are displayed in the showroom.

Thousands of American school children, as well as college students, visit the Museum during the year and study the exhibits. These are the future exporters and export managers or clerical employees of the export departments, and their part in future exporting should not be overlooked.

Lists of selected foreign buyers

Occasionally a long list of names covering one entire country is needed for the sole purpose of selecting

a representative capable of giving proper and adequate distribution.

Such lists of selected buyers or prospective agents are in file and issued by The Commercial Museum. Before they are offered to the exporter each name is carefully checked with the records already on file in the Credit Department so that only active, important and responsible firms are given.

Complete official directories issued in the various countries are on file for inspection also.

Sales representatives abroad

Statistics show that about 90% of the firms in the United States doing exporting business do so through representatives, whether they be importers, manufacturers' agents, jobbers, wholesalers, commission merchants or agents.

The number of concerns that have their own representatives abroad is comparatively small and a very small percentage sell direct to the retailer and consumer.

The importance of a carefully chosen representative has been mentioned. To add more, often the difference between success or failure may depend on such selection.

The selection, however, is no easy matter. Such factors as type of house, importance, integrity, facilities

to cover certain territory and give adequate distribution, lines already handled must be considered.

The mistake is frequently made of trying to obtain such a representative from a list of names. This method should be discouraged, as it usually does more harm than good to the exporter.

The Commercial Museum is able to greatly assist the American exporter to make desirable connections by consulting its credit files and through its contact with overseas houses, as well as getting in direct contact with foreign representatives through its foreign correspondents.

Library of International Commerce

On the shelves of the library of the Museum are 50,000 bound volumes, 112,000 pamphlets, 600 trade, economic and financial journals, 100 newspapers and official gazettes and 250 directories filled with information of the trade, economic laws, industries and statistics of all countries.

There is no other library of its kind with as complete records, and none which attempts to keep statistical data and reports of trade movements throughout the world so nearly up to date.

The trade directories of all principal centers of the world cost a large sum to keep up to date. These directories, as well as most of the printed

matter in the library, are published in the land to which they refer, in the native language of course.

Although the prime object of such information is to assist the staff in answering the thousands of inquiries it receives daily, it is also a help to visitors from abroad, to the general public and to the students who are studying foreign subjects of commerce.

President William McKinley, who was at the dedication of The Commercial Museum, on June 2, 1897, said, "The purpose of The Commercial Museum is to aid in the development of commercial and industrial prosperity. No worthier cause can engage our energies. It is a most praiseworthy one - the extension of trade - and to be followed by wider markets, better fields for employment and easier conditions for the masses. Such an effort commands the instant approval of all, for it is linked with the prosperity of the humblest toiler and the welfare of every home and every fireside." (1)

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(1) Selling around the world, published by The Commercial Museum, 1930, page 20

Advertising rates of The Commercial Museum

Group No. 1

CONTRACT FOR ADVERTISING

THE COMMERCIAL MUSEUM
34th Street below Spruce,
Philadelphia, Pa. Date.....

You are hereby authorized to insert our advertisement in "Commercial America" and "America Comercial," published monthly, beginning with the..... 193....issue, to occupy.....page or more for..... consecutive insertions within one year, and thereafter until forbid by either party in writing, for which we agree to pay the rates on the reverse side of this order, payable after each insertion. In case we use fewer insertions than contracted for, we agree to pay an additional amount according to published rates for actual space used.

Copy may be prepared by publishers if not furnished by advertiser. All changes of copy must be in hands of publisher one month previous to the date of publication, otherwise previous copy may be used. All conditions of this contract are mentioned herein.

Name of Advertiser.....

Address.....

.....

Accepted

THE COMMERCIAL MUSEUM Signature of individual
By..... having authority to sign contract.....

COMMERCIAL AMERICA (English) AMERICA COMERCIAL (Spanish)
Official English and Spanish Publications of
THE COMMERCIAL MUSEUM,
34th below Spruce Street, Philadelphia, U. S. A.

SPACE	Monthly Rate
One Page	$125.00
One-half Page	80.00
One-quarter Page	55.00
One-eighth Page	35.00

Rates for advertisements running one to five months, 25% additional; six to eleven months, 15% additional.

SERVICE:
Advertisers are supplied without additional cost, with information service on all matters pertaining to the development of trade with foreign countries, such as Credit Ratings, Translations, Trade Lists, assistance in securing Selling Representatives etc., etc.
Amt. of Translations of Correspondence, $55 a year.
No. of Reports, 55 a year

SPECIAL POSITIONS: sold only on yearly contracts.

PRINTING IN COLORS: subject to special quotation.

MINIMUM SPACE: 1/8 page.

Dun's International Review

General features

For an effective advertising campaign in an American export magazine, the two features of first importance are a highly select circulation and real reader interest and local cooperation abroad.

The export journal, "Dun's International Review", was founded in 1903 by R. G. Dun and Company, the mercantile agency.

There are in all ninety-one foreign offices and branch offices located throughout the entire world. To quote J. C. Welsh of the New York office, "there is not a town on earth, however small or remote, into which 'Dun Service' does not penetrate." (1)

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(1) Advertising letter sent to prospective subscribers by J. A. Welsh, Manager of the Advertising Department at 290 Broadway, N. Y. C. - p. 1

"Dun's International Review", the journal published by R. G. Dun and Company, is distributed among foreign firms whose names are already on record through the commercial reporting agency. Any changes are reported to the Mailing Department by the overseas reporters and correspondents, which results in a correct, up to date list of foreign readers.

As the mercantile agency itself has been in the foreign field since 1857, the circle of clients has been constantly expanding both in the United States and abroad. Through these thousands of friendly contacts it is in close and amicable relationship with the trade in every corner of the globe.

Any client of R. G. Dun and Company, anywhere, is encouraged to inquire at the local office for any article that is made in any part of the world. Such inquiries are forwarded to the Service Department of New York and this department transmits them to advertisers through"Dun's International Review."

The publishers of the journal lay great stress on the good will that has been established by the merited years of confidence that the mercantile agency realizes. These publishers believe that it is not difficult to obtain "readers' interest" when confidence has been previously established.

The favorable "entree" enjoyed by the foreign branch managers through their intimate and helpful relations with the local trade renders their efforts extremely effective in cooperating with advertisers in "Dun's International Review." This advantage is utilized continually in interesting local firms to assume the agency or distribution of the advertised lines.

Service department

The services of the department include a prompt translation service; reports on foreign houses; carefully selected lists of names for circularizing; consultation of export problems; complete handling of mail campaigns at actual cost; personal, on-the-ground efforts of the personnel of foreign offices to effect contacts with prospective agents and distributors; surveys of local markets.

Circulation statement

"Dun's International Review" is published in English, Spanish, French and Portuguese.

There are forty offices at the service of advertisers in the English edition. One of the important facts about the distribution of the English edition is the buying power of many of the markets that it covers. For instance, Australia and New Zealand closely resemble the United States in the customs, habits, characteristics

and leading occupations of the inhabitants, thus making them particularly receptive to American goods. Geographically this edition covers a larger part of the commercial world than any of the others.

The English edition has a distribution of 15,120 copies each month.

Twenty-nine offices of R. G. Dun and Company are at the service of the advertiser in Spanish speaking countries.

There are no Spanish markets that the American exporter can look upon as his exclusively, yet there are many opportunities for selling American goods in the colonies of the Western Hemisphere and in some of the mother countries themselves.

Cities on the east as well as the west coast of South America are enjoying better and faster steamship service with the United States than ever before. This gives the exporter here the advantages of shorter distance and quicker despatch to these countries.

As for Mexico, Central America and the Caribbean region and the northern coast of South America, this country has always been in a better position than any of Europe, from the point of steamship service.

Further, in most of the countries of Latin America, manufacturers are limited and almost all manufactured

products are imported, while the United States imports numerous important staples for food or for raw materials for our own manufacture from Latin America. This mutual trade would tend to encourage the importers of these countries to look to us for products.

The total foreign circulation of "Revista Internacional De Dun", which is the Spanish edition issued monthly is 15,075 copies.

The French edition, "Revue Internationale de Dun", issued every other month, offers seventeen offices to its advertisers.

Geographically, this edition ranks next to the English in the number of countries and colonies that it reaches. French is the great trade language of all the Mediterranean area. It is also used in Italy, Greece, Turkey and the Balkans, as well as in many important cities of the north coast of Africa. Even across the Great Desert it is spoken, as well as on many Pacific islands.

The total number of copies issued to French countries is 7,619.

Liston, Oporto, Rio de Janeiro and Sao Paulo are the four offices offered to the Portuguese advertiser.

Perhaps the exporter might wonder why the journal is offered in Portuguese, as usually one thinks of this

tongue being used in Portugal only. Recall, however, the jumble of widely scattered colonies established as a result of the enterprise and courage of the navigators of Portugal during the fifteenth, sixteenth and seventeenth centuries and it is easily understood why this language has its place of importance in the commercial export world.

In fact, Portuguese is now recognized as one of the five great languages of international commerce.

In addition to regular offices as mentioned above, the Portuguese advertiser may avail himself of the reporting stations located in Mozambique and Lourenco Marques on the African east coast and Loanda on the west; in Nova Goa; the Azores and in Madeira where the contemporaries and successors of Vasco de Gama planted the Portuguese flag and also fixed eradicably the language of Portugal.

The total foreign circulation of this edition of the journal is 4,689, issued every other month.

Advertising rates of "Dun's International Review"

DUN'S INTERNATIONAL REVIEW
Published by R. G. DUN & CO.
290 Broadway, New York City.

The following rates apply monthly on yearly order

	All Editions	Any Two Editions	Any One Edition
1 page	$315.00	$235.00	$130.00
1/2 page	175.00	130.00	75.00
1/3 page	125.00	95.00	55.00

	All Editions	Any Two Editions	Any One Edition
1/4 page	$100.00	$75.00	$45.00
1/6 page	70.00	55.00	35.00
1/8 page	55.00	45.00	30.00

Thirty-six Editions each Year: Twelve English; Twelve Spanish; Six French and Six Portuguese.

Special positions, 10 and 25 per cent. additional, sold only for all Editions and Non-Cancellable by advertiser. Cover positions on application.

FOREIGN REPORTS. It is agreed as part of this contract, and without extra charge, that the publishers are to furnish the advertiser, during the term of this contract, on request for use in his business, as an aid to him in determining the propriety of granting credits, such information as they may possess concerning the mercantile credit and standing of Merchants, Traders, Manufacturers, etc., throughout foreign countries; one such report, if requested, for every thirty dollars of advertising actually paid by him, and the advertiser agrees to pay $2.75 for each report in excess of the number so provided for.

The reports so furnished are subject to the terms and conditions specified on the back of this contract.

TRANSLATIONS . It is agreed that this contract includes the free translation of non-technical correspondence, into and from English, Spanish, French, German, Italian, Portuguese, Russian, Danish, Norwegian, Swedish and Dutch, to the extent of 50 words for each dollar paid for advertising per month. Rates sent on request for other languages, for excess translations, for letters containing descriptive technical matter, and for catalogs, circulars, etc. The publishers assume no responsibility for the accuracy of the translations and are not liable for any errors therein.

SHORT RATE. All advertising contracts on yearly basis and if terminated before expiration of one year will be subject to short time rates as follows:

Nine months, and less than twelve months, 8 per cent. additional each month.

Six months, and less than nine months, 15 per cent. additional each month

Five months, or less 25 per cent. additional each month.

Exporters and Importers Journal

Offices

This Journal is published by Henry W. Peabody and Company at 17 State Street, New York City. This company has many branch offices, the most important being located at Boston, San Francisco, London, Liverpool, Sydney, Johannesbury, Durban, Cape Town, Shanghai, Melbourne, Wellington, Manilla and Buenos Aires. The Boston office is at 148 State Street, under the management of W. H. Mills.

Export and import merchants

The offerings of this company differ very materially from those already presented in that the company are export and import merchants themselves, as well as solicitors for export advertising, in which latter capacity they offer the exporter many of the services presented by other publishers of export journals.

As exporters they execute foreign indents for manufacturers of finished goods as well as exporters of raw products of the United States and Canada.

As importers they act as agents for foreign supplies and manufacturers, buying as principals where this method is preferred.

They also will receive on consignment and sell on commission any lines adapted for such business.

They claim that they cover all the American markets

with a competent staff of salesmen and experts.

At first the exporter might think that establishing relations with these firms would be confusing, or that they would try to get the export trade entirely into their own channels, thus neglecting to give the advertiser the aid and assistance that other publishers would give. This, however, is not so.

Their theory is this: It is better for the exporter to sell his merchandise through their medium, advertising it in the "Exporters and Importers Journal", and receive pay for such sales promptly in ten days from Henry W. Peabody and Company and then let them assume full responsibility as to shipment, all "red tape", prepaying of freight, insurance and costs, and of carrying accounts and giving credit necessary with such a type of business as foreign trade.

Henry W. Peabody and Company have been in the export business exclusively for over sixty years and turn thousands of dollars over to the "American Exporter" monthly for merchandise that they buy themselves for account of foreign buyers.

The Journal has been published for thirty-eight years and is one of the few export papers considered by postal authorities at Washington to be entitled to all second-class mail matter privileges, which is given as proof of its bona fide subscription circulation.

This magazine does not have the circulation of

other journals, as the publishers claim it is too expensive to permit miscellaneous distribution. They claim, however, that it reaches thousands of really interested people, the class of buyer from whom the exporter should make every effort to obtain orders.

Other services

In addition to printing the advertisement in their journal, they also send a supply of the exporter's printed matter from time to time personally to interested buyers in foreign parts.

They also give descriptive articles from time to time in the reading columns, make translations of advertising, free of charge; supply information in reference to such parties if desired and follow them up personally, attempting to get an order, or arrange an agency direct with the manufacturer if desired.

Their fee based on sales

The company receives nothing in the way of salary, or traveling expenses for any services but gets its fee from the difference between prices charged themselves, when the sale is made to them, and the amount they realize from reselling to the foreign buyer.

If an advertiser refuses to sell to Henry W. Peabody and Company but prefers to sell directly to the buyer they will give all assistance and help possible to consummate the sale, and the charges made will be

special, differing from those later given.

Circulation of journal

The "Exporters and Importers Journal" is published monthly and guarantees a minimum circulation of 10,000 monthly.

Its pages contain interesting items of news, well presented and illustrated in addition to the advertisements, shipping news, index to price current, alphabetical list of advertisers and a buyers' classified index of American manufacturers.

It is presented in three languages, English, "Exporters and Importers Journal"; French, "Journal pour Exportateurs et Importateurs"; and Spanish, "Revista de Exportadores e Importadores."

Advertising rates

Advertising Rates

EXPORTERS AND IMPORTERS JOURNAL
17 State Street, New York

Henry W. Peabody & Co., Publishers Ralph W. Grout, Mgr.

Page	Size	One Year - Twelve Times
1/12-	2x4½"	12 times, $240, payable $20 monthly
1/8 -	1½x9 or 3x4½"	12 times, $360, payable $30 monthly
1/6 -	2x9 or 4x4½"	12 times, $420, payable $35 monthly
1/4 -	3x9 or 4½x6"	12 times, $480, payable $40 monthly
1/3 -	4x9 or 4½x8"	12 times, $600, payable $50 monthly
1/2 -	6x9 or 4½x12½"	12 times, $840, payable $70 monthly
1-	9x12½"	12 times, $1500, payable $125 monthly

BILLS PAYABLE MONTHLY. No order for space accepted for less number of insertions than specified in

contract signed by advertiser.

Preferred positions, when available, 25 to 50 per cent. advance on pro rata yearly rates.

Back cover page, one time only, $300.

One time rate 25 per cent. Three time rate 20 per cent. Six time rate 15 per cent. Nine time rate 10 per cent. advance on pro rata yearly rates.

MINIMUM CIRCULATION 10,000 MONTHLY

General Remarks

Each exporter who decides to advertise his product through the mediums of the journals published by the various commercial agencies can decide best which one will best serve his needs.

The services of the "American Exporter", "Commercial America" and "Dun's International Review" are very similar aside from the number of editions published monthly.

If the exporter desires to extend his trade into Latin America excepting Brazil and Porto Rico in particular, the journals published by The Commercial Museum will be sufficient.

If, on the other hand, he intends to enter into the markets of the world, the journals published by either the Johnston Export Publishing Company or by R. G. Dun and Company will be of more value to him.

Between these two publishing companies, the points of difference are centered about the world famed reputation that the mercantile agency has in

the credit world in contrast to the various and more numerous services offered by the Johnston Export Publishing Company.

Finally, the new exporter who has hesitated to enter the export field, because of the supposed credit risk, and because of the vast amount of detail necessary to properly culminate shipments to many parts of the world, there is Henry W. Peabody and Company, publishers of the "Exporters and Importers Journal", who will advertise the exporter's merchandise in the exporter's name, but will assume all care of its shipment, and payment in place of the usual foreign agent or representative, realizing their commission from what they get from the buyer, over and above their costs.

CHAPTER VIII

SUMMARY

"The exporter has something more to guard than his own dignity, reputation and success. He should guard the interests of his country in the same respects. The exporter who is not equally as jealous of the American name and reputation as of his own deserves to be suppressed by law, and unfortunately there have been times when honest Americans have bitterly lamented the absence of any machinery to keep over-sharp specimens out of the export trade." (1)

It is evident that export trade in general is to be sought rather than shunned, and is, after all, very simple in its execution with the many services and advertising mediums offered by the commercial agencies.

In particular, the selling of paper specialties offers no serious problems through these mediums. As most of the specialties offered by the paper manufacturer are comparatively new in the foreign market, there is less competition with which to contend, a condition always desired by the seller.

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(1) Hough, B. O., Practical exporting, N. Y. (The Johnston Export Publishing Company) seventh edition - 1921 - p. 17

The entire procedure may be classified and routined into the following operations:

1. Advertising through the journals of the chosen commercial agency, which is the recommended method of presentation, whether the exporter is new or old in the trade.

2. Recording all inquiries, giving them more care and attention than is usual for domestic correspondence and sending the first general letter without prices, together with catalogs and other advertising matter. At this time references should be requested from the inquirer, regardless of what his interest in the advertisement may be.

3. During the interim after the general letter, and before the next reply, all possible sources of credit information and sales information should be consulted, and recorded.

4. The reply to the general letter should give enough information to the exporter to enable him to decide whether he wishes to continue further with the inquirer. If not, a courteous refusal should be written. If favorable, whether it be an agent or direct prospect, samples, prices, terms, order blanks and all other information should be sent, all translated where needed.

5. Then the actual order is received, made ready for delivery, assuming that proper references

are on record, and the shipment, together with all information, is given to the forwarders, for actual delivery, who will assume complete responsibility, even to collections of the draft, or only a part, depending on such instructions as the exporter sends him.

6. Finally, actual payment is received, properly credited, and commission is sent to the agent who solicited the sale. Nothing is paid to the agent until this time. If the sale came to the exporter directly from the buyer, no commission is paid, but the whole amount is retained by the exporter.

The question of proper reference is of sufficient importance to be mentioned again. A. S. Hillyer, Chief, of the Commercial Intelligence Division of the Department of Commerce at Washington, just published this suggestion, "Many American exporters are considering it advisable to get new credit information each time an order is received, in view of the unsettled conditions in various world markets and the constant changes that are occurring. Several foreign offices of this bureau suggest that every order, even from established connections, should be carefully checked against new credit reports." (1)

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(1) Commercial reports, Bureau of Foreign and Domestic Commerce, Washington D. C., December 29, 1930 Number 52, page 783

Another important thing for the exporter to know, according to B. C. Hough, is the customers and desires of the buyers in the foreign markets and to cater to these characteristics. Mr. Hough says, "It is highly desirable, for example, that manufacturers attempt to learn as much as possible regarding the principal, even the petty, characteristics of foreign markets and their especial requirements, and endeavor to cater to these prejudices and demands. An American consul writes, 'The American business man thinks that half the world outside the United States is populated by "Dutchmen" and the other half by 'dagoes'.' Customers in other lands do not walk on four legs." (1)

If the exporter would be successful, let him remember two things, first that all men are created equal, and second, to obey the Golden Rule.

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(1) Hough, B. C., Practical exporting, N. Y. (The Johnston Export Publishing Company) - seventh edition - 1921 - p. 5

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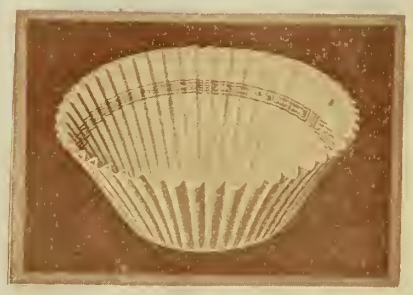
PAPER SPECIALTIES

Eclair Case

Sundae Cup Liner

Skewer



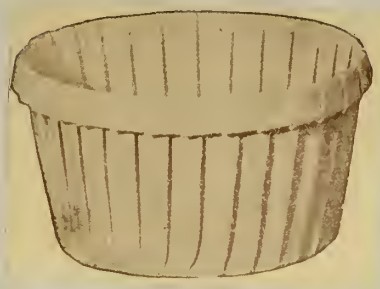
Fingerbowl Liner

Baking Cup

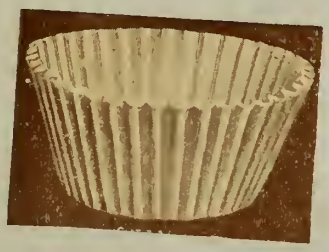
LaceDoily

Solid Doily


SIBERIA
BERING SEA
ALASKA
DOMINION OF CANADA
HUDSON BAY
GREENLAND
ICELAND
BRITISH ISLES
NORWAY
SWEDEN
FINLAND
RUSSIA
"UNION OF SOCIALISTIC SOVIET REPUBLICS"
DENMARK
LATVIA
LITHUANIA
POLAND
GERMANY
UKRAINIA
FRANCE
ROUMANIA
BLACK SEA
CASPIAN SEA
TURKESTAN
ASIA MINOR
SYRIA
PERSIA
ARABIA
CHINA
TIBET
INDIA
AFGHANISTAN
BALUCHISTAN
ARABIAN SEA
BAY OF BENGAL
CEYLON
MANCHURIA
CHINA
KOREA
JAPAN
NORTH PACIFIC OCEAN
NORTH ATLANTIC OCEAN
ALSO EXPORT BUYERS IN U.S.A.
UNITED STATES
MEXICO
GULF OF MEXICO
CUBA
HAITI
SDOMO
WEST INDIA ISLANDS
CARIBBEAN SEA
CENTRAL AMERICA
HAWAIIAN ISLANDS
SIAM
CHINA SEA
PHILIPPINES
BORNEO
JAVA
NEW GUINEA
Equator
VENEZUELA
GUIANA
COLOMBIA
ECUADOR
PERU
BOLIVIA
BRAZIL
PARAGUAY
URUGUAY
CHILE
ARGENTINA
AUSTRALIA
TASMANIA
NEW ZEALAND
SOUTH PACIFIC OCEAN
SOUTH ATLANTIC OCEAN
INDIAN OCEAN
SPAIN
MOROCCO
ALGERIA
TRIPOLI
TUNIS
MEDITERRANEAN SEA
EGYPT
FRENCH WEST AFRICA
NIGERIA
SUDAN
ABYSSINIA
BELGIAN CONGO
EAST AFRICA
ANGOLA
MADAGASCAR
UNION OF SO. AFRICA
English:
French:
Spanish:
Portuguese:
Map of the World,
Solomo
Designate language



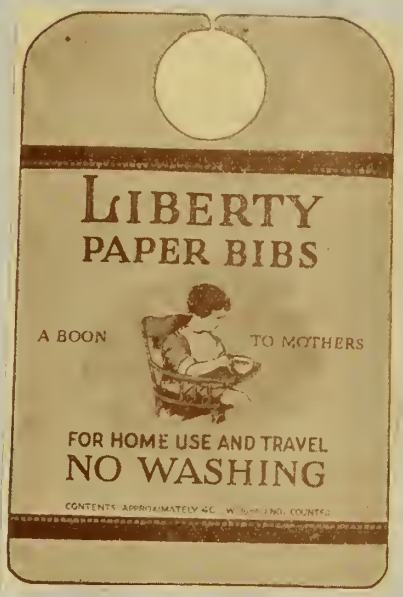
Souffle Cases



Bon Bon Cup

Gold Doily

Chop Frill



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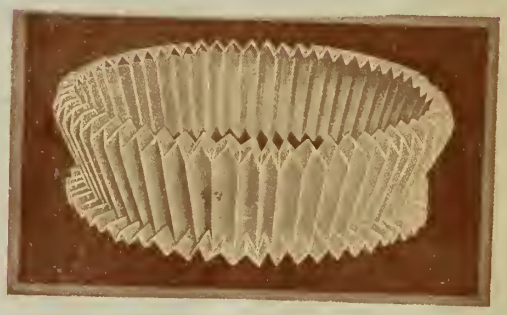
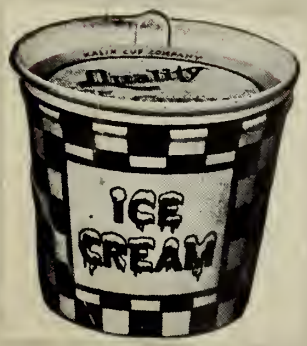


Pie Collar



Ice Cream
Cup

Butter Chip

Drinking Cup

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